

Standard III.D - Financial Resources

Financial resources are sufficient to support student learning programs and services and to improve institutional effectiveness. The distribution of resources supports the development, maintenance, and enhancement of programs and services. The institution plans and manages its financial affairs with integrity and in a manner that ensures financial stability. The level of financial resources provides a reasonable expectation of both short-term and long-term financial solvency. Financial resources planning is integrated with institutional planning at both college and district/system levels in multi-college systems.

Introduction

Berkeley City College (BCC) has a successful track record of managing its financial resources to support student learning programs and services and improve institutional effectiveness. Over the last six years, BCC has taken a number of important steps to strengthen its financial operations, including refining its shared governance planning and budgeting processes, expanding enrollment, expanding grant funding, responding to budget cuts, and preparing for new state revenue streams.

Most importantly, the College has actively participated in the development and implementation of a new districtwide Budget Allocation Model (BAM), designed to ensure both short-term and long-term solvency for the College and the District. Financial resource planning is now integrated with institutional planning and budgeting at both the College and District.

As a result of these efforts, today the College has in place a sound structure, as well as policies and procedures, for fiscal decision-making, financial management, and resource allocation. These systems and structures enable BCC to respond to new opportunities and emerging needs and address planned and unplanned fluctuations in funding, while, at the same time, staying true to its Mission to “promote student success, to provide our diverse community with educational opportunities, and to transform lives.”

Overview of College Budget: Analysis of Trends, Sources, and Allocations

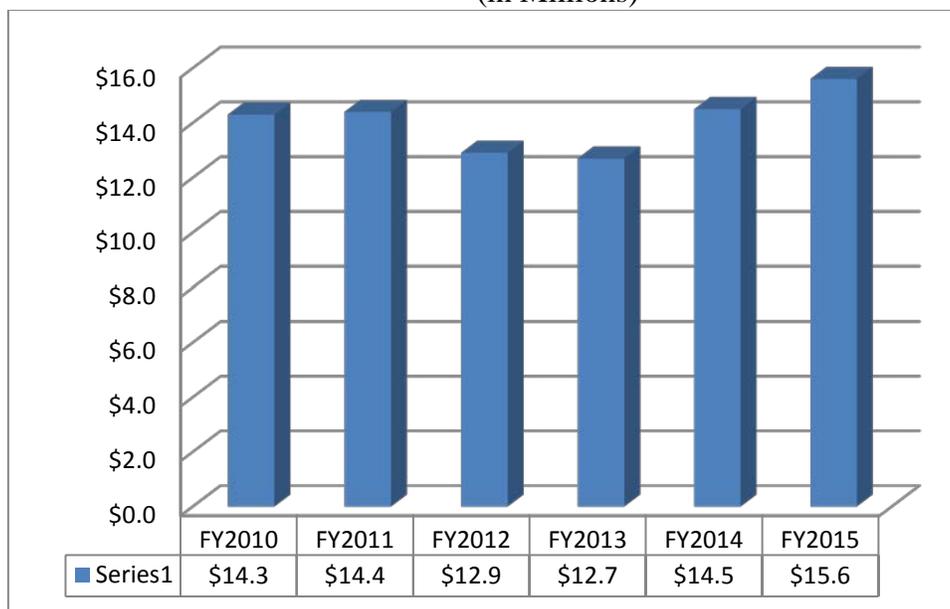
BCC maintains an annual operating budget that is sufficient to support its mission-based institutional goals and objectives for student learning and institutional improvement, as defined through its collegewide institutional planning and budgeting process and approved by its shared governance groups. BCC’s overall budget (unrestricted and restricted funds combined) has grown from \$18 million in 2009-10 to over \$22 million in 2014-15.

Description of BCC’s Current Unrestricted General Fund Budget

BCC’s 2014-15 unrestricted general fund budget (excluding restricted funds) is \$15,684,256, as posted in the approved Peralta Community College District (PCCD) 2014-2015 Final Budget. This figure represents an eight percent increase from 2013-14. Over the last six years, due to the economic recession and related variances in state funding, BCC’s operating budget initially declined, dropping from \$14.3 million in 2009-10 to \$12.7 million in 2012-13. However, over the past two years, unrestricted funds have increased steadily each year, reaching \$14.5 million in 2013-14 and \$15.6 million in 2014-15. Chart 15 shows the six-year trend in unrestricted revenue.

Chart 15

BCC Overall Unrestricted General Fund Revenue, Six-Year Trend (in Millions)



Source: Unrestricted Budget – [PCCD Final Budget](#)

Description of College Revenue: Sources of Unrestricted and Restricted Funds

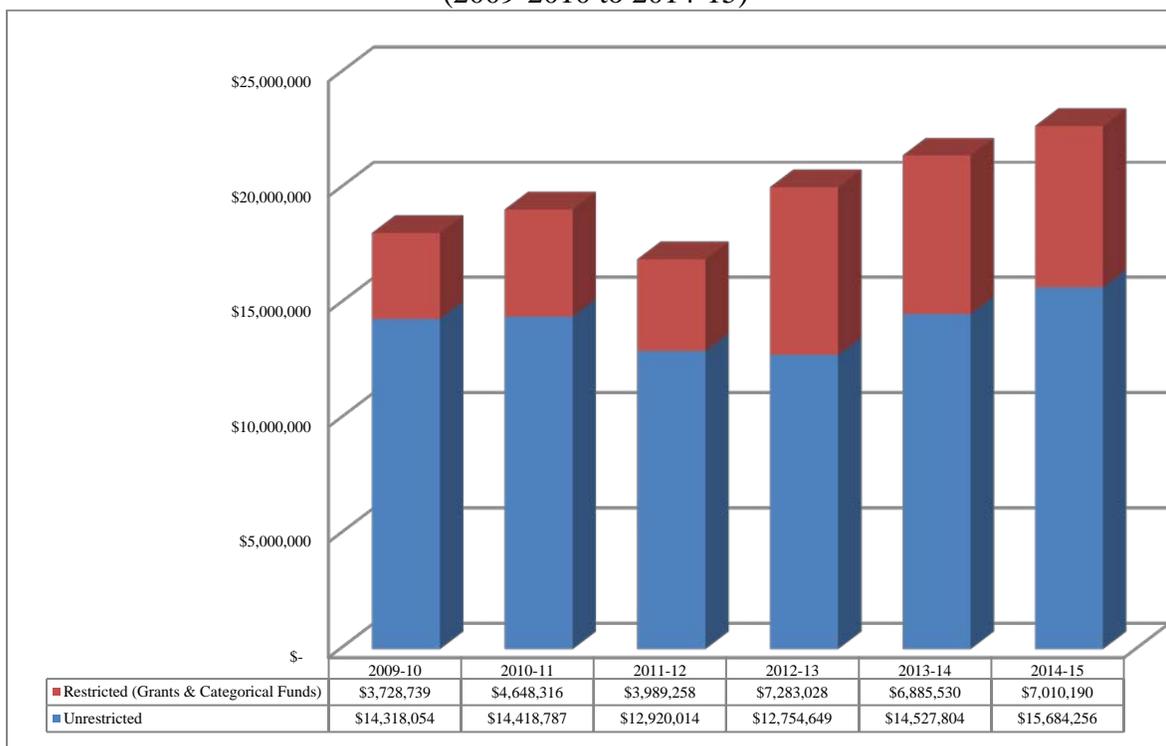
BCC funds its ongoing operations through a variety of different sources. Because it is a California community college, BCC’s primary source of funding is the “apportionment” of enrollment funds from the State of California, funneled through the District and allocated based on the number of Full-Time Equivalent Students (FTES). The District funds general operations primarily through apportionment (SB361) from the state. The state uses a count of FTES as the primary workload measure to determine how much total unrestricted revenue the District will receive. Within the Peralta Community College District, these funds are allocated to each college, in accordance with the District’s Budget Allocation Model (BAM). The District’s unrestricted general fund is based on general apportionment, local property taxes, and enrollment fees and tuition. In addition to unrestricted revenue, the College

receives restricted funding from federal, state, and local agencies, in the form of grants, categorical funds, funding from bond measures, revenues from state propositions to help pay for specific services and new initiatives.

Over the last six years, in order to maintain and grow its programs and services during a time of fluctuation and uncertainty in state revenue sources, BCC vigorously pursued grants and other restricted funds. As a result, the College’s restricted funds have increased. In 2009-10, BCC had \$3.7 million in restricted funds. By 2014-15, the College’s restricted funds had almost doubled, reaching \$7 million. (Chart 16) These funds have been invaluable in helping the College to continue to innovate, despite budget constraints, and design and deliver targeted instructional interventions and services to specific populations of students.

Chart 16

BCC Restricted vs. Unrestricted Budget*
(2009-2010 to 2014-15)



Data Sources: Unrestricted Budget – PCCD Final Budget at <http://web.peralta.edu/business/finance-contacts/annual-adopted-budget/>;

Restricted Budget – BCC Working Budget Files.

* Includes all funding sources; excludes Object Code 7000 OTHER OUTGO: expenditures for the retirement of debt, tuition, fund transfers, student financial aid (Pell grants, student loans, book funds, child care and transportation allowances, etc.), and appropriations for contingencies.

The Impact of FTES on the College Budget: Six-Year Trend

There is a direct correlation between FTES and the College's general unrestricted budget. In any given year, the level of FTES plays a major role in the size of the District's allocation to the College. Conversely, fluctuations in the amount of the College's annual budget can either constrain or support the number of full-time equivalent students the College can serve. Given the fact that state "apportionment" funding, which is based on FTES, makes up the majority of BCC's unrestricted general fund budget, BCC pays close attention to FTES enrollment patterns and regularly reviews the relationship of FTES levels to its annual budget, as well as the capacity of its budget to support FTES growth. As part of its annual institutional planning and budgeting cycle, BCC analyzes FTES compiled by the District Office of Institutional Research and uses projections of FTES as one of the key factors in building its budget for the next year.

Table 49 displays trends in FTES, along with trends in the College's unrestricted annual budget and its overall budget (restricted and unrestricted) over the last six years. This table demonstrates that fluctuations in FTES have a corresponding impact on the College's unrestricted budget and overall budget. These budgetary changes can, in turn, impact the College's capacity to generate FTES. In recent years, budget reductions have led to FTES reductions. For example, during the period from 2009-10 to 2012-13, state-mandated workload reductions forced BCC to reduce personnel costs (the largest portion of its annual budget) and serve fewer students. During this time, therefore, overall FTES decreased, creating a drop in state apportionment funds for the College. Now that the College's annual budget is recovering, this positive budget trend will lead to increases in FTES in future years.

As demonstrated in Table 49, FTES and unrestricted and total budget figures began to rise in 2013-14 and increased again in 2014-15. With the economic recovery that began in early Spring 2013, the College began to receive an increased amount of unrestricted funds from the state through the [Budget Allocation Model \(BAM\)](#), a districtwide model designed to ensure funding equity across all colleges in the District, through a formula similar to the state apportionment formula. As a result of this shift in the way that the District distributes state funds, BCC's unrestricted general fund increased from \$12.7 million in 2012-13 to \$14.5 million in 2013-2014, and FTES grew from 3,883 in 2012-2013 to 4,298 in 2013-14. BCC's FTES and unrestricted and total budget figures are projected to grow in 2014-15 and, in accordance with the restoration across the state, the College is well on its way to returning to its 2009-10 FTES level of 4,564.

The positive upward trend in FTES will continue to generate additional funding for BCC’s unrestricted general fund budget over the next few years, providing a measure of fiscal stability for the College and allowing it to move forward with its plans for physical and programmatic expansion. Over the last two years, the passage of Measure B, a local parcel tax measure, has resulted in other new sources of funding for BCC, helping to stabilize its overall budget and providing funds to invest in infrastructure and restore sections of the class schedule that had been cut during the period of state-mandated workload reductions.

Table 49

Total FTES* Unrestricted, and
Total (Restricted and Unrestricted) Budget**, Six-Year Trend

	2009-2010	2010-2011	2011-2012	2012-2013	2013-14	2014-15
FTES	4,564	4,287	4,036	3,883	4,298	4,492
Annual change #		(277)	(251)	(153)	415	194
Annual change %		-6.1%	-5.9%	-3.8%	10.7%	4.5%
Unrestricted	\$ 14,318,054	\$ 14,418,787	\$ 12,920,014	\$ 12,754,649	\$ 14,527,804	\$ 15,684,256
Annual change #		\$ 100,733	\$ (1,498,773)	\$ (165,365)	\$ 1,773,155	\$ 1,156,452
Annual change %		0.7%	-10.4%	-1.3%	13.9%	8.0%
Total	\$ 18,046,793	\$ 19,067,103	\$ 16,909,272	\$ 20,037,677	\$ 21,413,334	\$ 22,694,446
Annual Change #		\$ 1,020,310	\$ (2,157,831)	\$ 3,128,405	\$ 1,375,657	\$ 1,281,112
Annual change %		5.7%	-11.3%	18.5%	6.9%	6.0%

Source: FTES – PCCD Institutional Research Business Intelligence Tool; Unrestricted budget – PCCD Final Budget

*FTES are actuals from 2009-12 and 2013-14; 2014-15 FTES is a projection based upon data available in November 2014.

**Includes all funding sources, except Object Code 7000 OTHER OUTGO: expenditures for the retirement of debt, tuition, fund transfers, student financial aid (Pell grants, student loans, book funds, child care and transportation allowances, etc.) and appropriations for contingencies.

Comparison of Unrestricted and Restricted Annual Budget by Major Category

In addition to analyzing the budget implications of changing FTES levels, BCC also continuously compares trends in the allocation of unrestricted (base) funds and restricted funds as part of its annual institutional planning and budgeting process. Each year, the College reviews how these different types of funds are being distributed to ensure that it is meeting its stated institutional goals and objectives and using funds strategically to address service gaps or emerging needs.

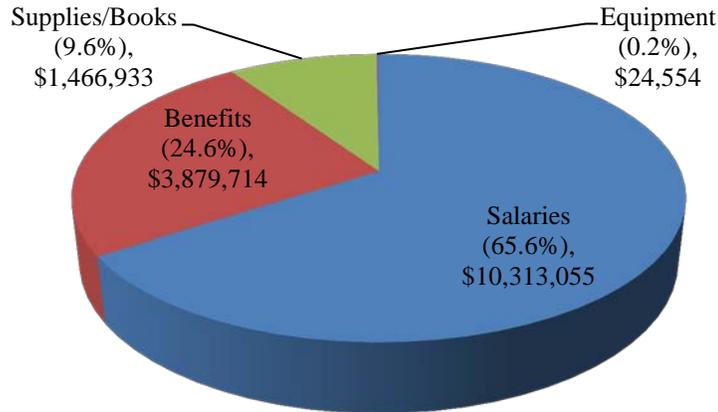
Chart 17 provides a snapshot of the College's allocation of unrestricted and restricted funds for the current fiscal year (2014-15). The College's 2014-15 unrestricted general funds are \$15.7 million and its restricted fund, \$7.0 million. The unrestricted (base) fund covers essential costs related to the College's instructional mission, namely salaries, benefits, and some basic supplies, books, operational costs, and equipment. As stated earlier, the bulk of the unrestricted funds are designated for salaries.

Restricted funds, by their very nature, are typically not used for ongoing operating costs and, instead, are applied to specific services and purchases in compliance with the guidelines of the funding source. As the chart below shows, for 2014-15, 16 percent of the restricted budget was allocated for equipment, as opposed to 0.2 percent of the unrestricted budget. Approximately 14 percent of the restricted budget is allocated to supplies, books, operation, and equipment, as opposed to 10 percent of the unrestricted budget. Finally, salaries and benefits combined accounted for approximately 70 percent of the restricted budget, as opposed to 91 percent of the unrestricted budget.

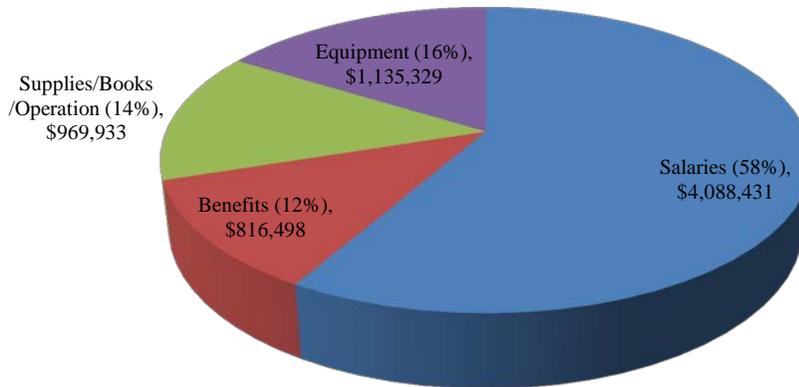
Chart 17

BCC Comparison of Unrestricted and Restricted Budget by Category
(2014-2015)

Unrestricted General Fund (\$15,684,256)*



Restricted Fund (\$7,010,190)*



Source: Unrestricted Budget – PCCD Final Budget
Restricted Budget – BCC Working Budget Files.

*Includes all funding sources; exclude Object Code 7000 OTHER OUTGO: expenditures for the retirement of debt, tuition, fund transfers, student Financial Aid (Pell grants, student loans, book funds, child care and transportation allowance, etc.), and appropriations for contingencies.

Analysis of Unrestricted Budget by Major Category: Six-Year Trend

During the most recent six-year Accreditation cycle (2009-10 to 2014-15), BCC’s unrestricted general fund budget (Fund 1 only) averaged \$14 million, ranging from a low of \$12.8 million in 2012-13 to a high of \$15.7 million in 2014-15. Despite these fluctuations, over the last six years, two of the four major budget categories have increased: Employee Benefits and Supplies/Books/Operation. Employee Benefits increased 35.75 percent during this period, from \$2.9 million in 2009-10 to \$3.9 million in 2014-15. Similarly, Supplies/Books/Operation grew 22.39 percent, from \$1.2 million in 2009-10 to \$1.5 in 2014-15.

It is important to note that because this decrease in unrestricted fund spending on equipment was offset by equipment allocations from new sources of restricted funding, the declines in Table 50 below do not accurately represent the College’s actual total spending in this key area. Currently, funds from state propositions and local bond measures are allowing BCC to gradually restore positions lost through the state-mandated workload reductions implemented several years ago during the state budget crisis. Many equipment costs are now being covered by restricted funds obtained through federal grants and local bond measures, rather than the unrestricted base budget.

Table 50

Annual Unrestricted Budget* by Major Category, Six-Year Trend

Fiscal Year	Salaries	Benefits	Supplies/ Books/Operation	Equipment	TOTALS
2009-10	\$10,182,153	\$2,857,951	\$1,198,573	\$40,096	\$13,373,373
2010-11	\$9,551,950	\$3,396,922	\$1,258,854	\$25,596	\$14,233,322
2011-12	\$8,808,129	\$3,120,711	\$1,108,625	\$33,100	\$13,070,565
2012-13	\$8,170,042	\$3,689,055	\$1,088,766	\$29,304	\$12,977,167
2013-14	\$9,363,943	\$3,910,700	\$1,478,200	\$37,412	\$14,790,255
2014-15	\$10,313,055	\$3,879,714	\$1,466,933	\$24,554	\$15,684,256
6-Year % Change	1.29%	35.75%	22.39%	-38.76%	17.28%

Source: Restricted Budget – BCC Working Budget Files.

* Includes all funding sources, except Object Code 7000 OTHER OUTGO: expenditures for the retirement of debt, tuition, fund transfers, student financial aid (Pell grants, student loans, book funds, child care and transportation allowances, etc.), and appropriations for contingencies.

Analysis of Restricted Annual Budget by Major Category: Six-Year Trend

In comparison to BCC’s unrestricted general fund budget, the restricted fund budget has grown steadily during the most recent six-year Accreditation cycle (2009-10 to 2014-15), expanding from \$3.72 million in 2009-10 to \$7 million in 2014-15.

While certain categories, such as equipment, declined in the unrestricted general fund budget during this time, within the restricted fund budget, all four major categories increased. The increase in Salaries (142 percent) and Equipment (20 percent) compensated for the leveling or decline of these two categories in the unrestricted fund budget due to reduced funding from the state. This increase in salaries was funded through the District’s Measure B Parcel Tax. The restricted funds also assumed a greater role in paying for the rising cost of Employee Benefits during this period for those individuals paid through restricted funds, with a significant increase (264 percent) in this category. Finally, restricted funds for supplies, books, and operation also increased by 12 percent during this time. The restricted budget now covers most of BCC’s needs, in terms of non-personnel costs such as books, supplies, operation, and equipment. (Table 51)

Table 51

Annual Restricted Budget* by Major Category, Six-Year Trend

	Salaries	Benefits	Supplies/Books /Operation	Equipment	Total
2009-10	\$1,690,347	\$224,330	\$868,543	\$945,519	\$3,728,739
2010-11	\$2,014,224	\$522,366	716,358	1,395,369	4,648,316
2011-12	\$2,038,645	\$507,883	715,088	727,642	3,989,258
2012-13	\$3,992,656	\$772,949	733,826	1,783,597	7,283,028
2013-14	\$3,525,764	\$727,601	1,050,475	1,581,690	6,885,530
2014-15	\$4,088,431	\$816,497	\$969,933	\$1,135,329	\$7,010,190
6-year % Change	141.87%	263.97%	11.67%	20.07%	88.00%

Source: Restricted Budget – BCC Working Budget Files.

* Includes all funding sources; excludes Object Code 7000 OTHER OUTGO: expenditures for the retirement of debt, tuition, fund transfers, student financial aid (Pell grants, student loans, book funds, child care and transportation allowances, etc.), and appropriations for contingencies.

Use of Restricted Grant Funds to Support Learning: Overview of Grants and Special Allocations

One of the most significant areas of growth in terms of restricted funds is in the category of grants and special allocations. Over the last six years, BCC has proactively pursued various federal, state, and county grants and funding streams. Shown in Table 51 above, between 2009-10 and 2014-15, BCC’s restricted funds, including grants and special allocations, almost doubled, from \$3.7 million to \$7 million, providing much-needed fiscal support to help ensure the College’s ability to deliver quality programs and services for students.

In most cases, these grants required that the funds be spent on new initiatives and programs, rather than ongoing operating costs and existing positions and programs. This provided the



incentive for the College to use its planning processes to develop new approaches to delivery of services and improvement of student educational outcomes. For example, Basic Skills Initiative (BSI) funds from the state were used to implement new strategies and practices in professional development and basic skills education, based on research in the field. BSI-funded activities included new approaches to embedded instruction and group tutoring for basic skills students, as well as support for new learning communities on campus.

BCC's Title III grant from the U.S. Department of Education made it possible for the College to support the development of an assessment committee and developing faculty inquiry groups to implement action plans resulting from learning outcomes assessments. It also allowed for improvements to instruction, orientation, and tutorial services during the five-year grant period and helped fund the development of the Teaching and Learning Center. The College is currently working to institutionalize some of the successful practices developed through this grant and other recent grants, using new funding available through the District Budget Allocation Model (BAM) and state revenue streams.



Table 52 lists grants and special funds acquired over the six-year period from 2009-10 to 2014-15.

Table 52

BCC Restricted Budget: Sample Federal, State, County, and Local Grants and Special Allocations (2009-10 to 2014-15)

	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
Federal						
TRIO		\$220,000	\$213,180	\$213,180	\$202,031	\$213,180
Title III	\$189,605	\$487,086	\$423,309	\$400,000	\$451,930	\$246,181
Perkins	\$137,534	\$135,985	\$133,980	\$133,978	\$112,073	\$112,755
Trade Adjustment Assistance Community College Training (TAACCT)				\$11,158.00	\$57,116.00	\$531,726.00
CTE Transitions (Formerly Tech Prep)		\$4,484.00	\$11,660.00	\$16,000.00	\$25,450.00	\$11,023.00
State						
Northern Alameda County Regional Consortium for Adult Education (NACRCAE)					\$0 (Planning Year)	\$0 (Planning Year)
SB 1070 Career Technical Education Pathways Program Grant					\$0 (Planning Year)	\$6,000
Basic Skills	\$90,000	\$90,000	\$90,000	\$90,000	\$90,000	\$90,000
Matriculation/SSSP	\$167,542	\$153,632	\$185,904	\$181,212	\$354,563	\$858,476
CTE Community Collaborative	\$59,057	\$60,347	\$136,994	\$181,745	\$197,502	\$77,288
East Bay Career Advancement Academy (EBCAA)			\$140,000	\$70,000	\$75,000	\$75,000
Local						
Alameda County Mental Health				\$62,425	\$50,693	
Californian Community Linked Learning Initiative (Irvine Foundation)						\$75,000
Other						
Parcel Tax -PASS				\$1,911,755	\$1,607,872	\$2,051,456
Totals	\$643,738	\$1,151,534	\$1,335,027	\$3,209,028	\$3,173,537	\$4,348,085

Source: BCC Working Budget Files

Table 53 lists describes the purposes, uses, and sources of the grants acquired over the five year period from 2009-10 to 2014-15.

Table 53

Recent Sources of Restricted Funds (2009-10 to 2014-15)

Funding Source	Purpose of the Grant or Initiative
Federal	
Title III	Providing \$2 million over five years (beginning October 2009) and eligibility to seek additional funding thereafter: this is a key funding source for the College. These funds support multiple activities to improve the outcomes for basic skills students and to support a culture of assessment at BCC.
Perkins	The Perkins Career and Technical Education Improvement Act is a federal grant devoted to providing critical resources to support career technical education for disadvantaged students, including those who are economically disadvantaged, students with limited English proficiency, students with disabilities, single parents and displaced homemakers, and those of a gender not traditionally represented in the discipline. Administered by the California Department of Education.
CTE Transitions (formerly Tech Prep)	The goal of the CTE Transitions grant is to help students to transition from secondary to postsecondary education to work. It is funded through the Carl D. Perkins Career and Technical Education Improvement ACT of 2006 (Perkins IV).
Trade Adjustment Assistance Community College Training (TAACCT)	The TAACCT grant is a regional engineering, manufacturing and logistics economic and workforce initiative to preserve and expand the East Bay region’s manufacturing and logistics economies. At BCC, this initiative seeks to build capacity to create and sustain new short and medium-term training pathways leading to employment for TAA certified workers, dislocated workers, and other unemployed adults in the area of biotechnology. This career technical education grant is funded through the U.S. Department of Labor.
TRiO	This federal grant brings \$1.1 million over five years (beginning October 2010) and eligibility for additional funding thereafter. This project enhances student services and supplemental instructional support for at-risk students.
State	
Northern Alameda County Regional Consortium for Adult Education	California Assembly Bill 86 (AB 86) allocated funding for two-year planning and implementation grants to regional consortia comprised of community college districts and

(NACRCAE)	their K-12 counterparts. The funds are provided for the purpose of developing regional plans for adult education.
SB 1070 Career Technical Education Pathways Program Grant	California Senate Bill 1070 (SB 1070 Steinberg) created the Career Technical Education Pathways Program. The primary objective of this grant is for consortia within regions to develop and implement sustainable policies and infrastructure that result in the measurable and successful transition of CTE students from high schools to postsecondary education and careers.
Basic Skills Initiative (BSI)	Berkeley City College has used State Basic Skills Initiative funding to develop, expand, and employ highly effective practices, such as accelerated coursework in English, ESL, and statistics, and innovative multiple measures assessment for ESL and English students. Funded by the California Community Colleges Chancellor's Office.
Student Support Services and Programs (SSSP)	Starting in Fall 2014, additional state funding is available to the College linked to meeting new state mandates for the Student Services and Support Program (SSSP) core services: orientation, assessment, and counseling/Student Education Plan (SEP) development and follow-up services.
CTE Community Collaborative	The CTE Community Collaborative is designed to introduce middle school and high school students in the BCC service area to career choices, hands-on activities, and training in Multimedia and Entertainment, two of the industry sectors listed as strategic priorities by the California Community Colleges Employment and Workforce Development Program. Activities include curriculum development/articulation, creation of stackable certificates, and provision of internship opportunities for students, and professional development for faculty. This grant comes from the California Community Colleges Chancellor's Office.
East Bay Career Advancement Academy (EBCAA)	EBCAA brings low-income residents into career path employment and helps them access careers in growing regional industries and public/human services. Funded by the California Community Colleges Economic and Workforce Development Division.
Local	
Alameda County Mental Health	Mental health plays a vital role in college student retention and success. To address this issue, the District applied for and received a mental health grant from Alameda County Behavioral Health Care Services (ACBHC). The purpose of the grant is 1) to develop a lasting peer education and support infrastructure on campus, 2) to raise overall awareness of mental health issues among students, faculty and staff, and 3) to improve the campus capacity of responding to student mental health needs, thereby boosting



	student retention and success. Through this grant, BCC has hired a Peer Support Specialist and four student peer advisors, who received training based upon a nationally recognized peer counseling model called Wellness Recovery Action Plan (WRAP).
Foundation	
California Community College Linked Learning Initiative (Irvine Foundation)	The California Community College Linked Learning Initiative (CCLLI) brings together Linked Learning high schools, community colleges, business leaders and four-year colleges and universities to create pathways for Linked Learning students to successfully transition from high school to community college. These pathways will enable students to earn a certificate, degree or credential that is valued by employers and demonstrates career readiness or sufficient preparation to succeed at a four year college or university. At BCC, the CCLLI has partnered the Multimedia Arts Department with the Computer Technology Academy at Oakland Unified School District’s Skyline High School to update articulation agreements, provide transitional services, hold joint industry advisory boards, and create a large event engaging high school and community college students in the classroom and theater to explore careers in multimedia art.
Other Restricted Funding Source	
Measure B Bond/ Peralta Accountability for Student Success (PASS) Initiative	Funds generated from Measure B (Parcel Tax), totaling approximately \$60 million (\$7.5 million over 8 years), are being used to restore class sections to the schedule that were cut during the period of statewide workload reductions. Unspent funds from Year 2 of Measure B were distributed to develop programs in the Peralta colleges to close the achievement gap, through the District’s PASS Initiative.

Source: BCC Working Budget Files

Financial Resources Planning, Fiscal Management, and Resource Distribution

BCC operates in accordance with the U.S. Department of Education’s Regulations and Guidelines for 34 C.F.R. 602.19 (a-e), which require an assessment of “...institutional strengths and stability” and the “collection and analysis of key data and indicators, including fiscal information and measures of student achievement.” To this end, BCC regularly examines its longitudinal data on the college fiscal condition, including significant increases or decreases in revenues and enrollments, and identifies strategies to maintain, and, if possible, expand funding for its academic programs, student services, and institutional effectiveness.

BCC ensures that it has sufficient revenues to support its educational programs and improvements to institutional effectiveness through its annual institutional planning and budgeting cycle and budget development process, as well as ongoing budget monitoring. The College's annual budget is based on the previous year's actual operational expenses and current year ongoing operational expenses (e.g., security services, parking, leased facilities, etc.), which are known and have become a part of BCC's base budget.

Priorities for the current year are determined through the shared governance planning and budgeting process. Once approved, the College's budget is regularly monitored to make sure that resources are used as planned and that any unexpected cost savings are directed to support classroom learning and other unfunded priorities.

BCC's finances are managed with integrity, in a manner that ensures fiscal stability. At the College level, BCC's Director of Business and Administrative Services works closely with the BCC administrative team and provides them with monthly budget reports so that they can monitor their budgets. These reports are reviewed on a regular basis during the President's Cabinet meeting, and adjustments are made to the budget, as necessary.

Because financial resources are closely monitored from year to year and basic budget assumptions are established annually in view of the state budget, there is an expectation of short-term and long-term financial solvency. The College is also positioned to respond to any expected or unexpected changes in funding and take action to secure new or expanded funding so that the institution can continue to effectively serve students with high quality support services and instructional programs. See Table 52 and Table 53 for examples.

Overview of District Level Processes Related to Financial Resource Management

BCC is part of a community college district with an integrated planning and budgeting model. The College, therefore, works hand-in-hand with the District and the other colleges to plan, secure, and make decisions about allocating fiscal resources.

District and College responsibilities for the different aspects of this process vary. For some functions, the District takes primary responsibility, i.e., setting districtwide policies and standards for financial planning, budget development, and contractual arrangements. The District's Vice Chancellor for Finance and Administrative Services works to maintain a balanced district budget.

In other areas, such as annual planning, the District and College share responsibility. The following section provides an overview of the District's sources of funding and its financial resource management policies and practices.

Overview of District Revenue Sources

The Peralta Community College District is a large, multi-college urban district that serves approximately 24,500 students each semester. The District funds general operations primarily through apportionment (SB361) from the state of California. The state uses a count

of full-time equivalent students (FTES) as the primary workload measure to determine how much total unrestricted revenue the District will receive. Three major sources of revenue are included in the District's unrestricted general fund: 1) general apportionment, 2) local property taxes, and, 3) enrollment fees and tuition. These revenues make up approximately 89 percent of the total revenue received.

In addition to unrestricted general revenue, the District receives restricted funding from federal, state, and local agencies to pay for specific programs and services. The General Restricted Fund accounts for the revenues and expenditures for the operation and support of programs which are specifically restricted by laws, regulations, donors, or other outside agencies' terms and conditions.

The Special Revenue Fund, established in accordance with the State Budget and Accounting Manual, is utilized in support of contractual services provided by the colleges that are not integral to the general operations of the District. Bond Construction Funds account for the proceeds from the sale of bonds and are used for the acquisition or construction of authorized projects. The Retiree Health Benefit Trust Fund (Other Post-Employment Benefits [OPEB] Reserve Fund) accounts for resources and expenditures towards current and future liabilities related to health benefits for retirees. The Trust and Agency Fund is used to account for assets held by the District in a trustee or agency capacity for individuals, private organizations, other governmental units, and/or other funds. The Self-Insurance Fund accounts for the resources and expenditures of the District's self-insured property and liability/workers' compensation claims.

The Student Body Center Fee Trust Fund is used to account for funds collected by the District for financing, constructing, remodeling and operating student centers. The Student Financial Aid Fund is used to account for the deposit and direct payment of government-funded financial aid, including grants and loans or other funds intended for student support and aid.

[Measure B – Parcel Tax](#) was a special parcel tax measure approved by voters on June 5, 2012. This provides the District with an annual parcel tax on all parcels located within the District's boundaries of \$48 per parcel, per year, for eight years. The funding's designated use is the maintenance of core academic programs, such as Mathematics, Science, and English; career training for students; and student preparation for transfer to four-year colleges and universities.

Overview of the District Budget Allocation Model (BAM)

In August 2010, the District Planning and Budgeting Council took up the task of working to create a budget allocation model for the District's unrestricted general fund. The purpose of creating the BAM was twofold: first, to move to a model that would better serve the colleges, and second, to fully respond to previous accreditation recommendations. Previous resource allocation methods relied almost exclusively on prior year allocations being carried forward and provided minimal linkages between revenues and expenditures.

The core principles supporting the current BAM, revised in subsequent years after initial implementation, are that it be simple and easy to understand, remain consistent with the state's SB361 funding model, provide for financial stability, provide for a reserve in accordance with Board policy, provide clear accountability, allow for periodic review and revision, utilize conservative revenue projections, maintain autonomous decision-making at the college level, provide some centralized services, and be responsive to the District's and colleges' planning processes.

Overall, the District relies primarily on the general unrestricted fund revenues, which are distributed to the four colleges, the District Office, and centralized services, based on the BAM. College allocations are adjusted up or down based on increases/decreases in their three-year rolling average numbers of FTES. The most recent three-year averages based on resident FTES are as follows: College of Alameda, 19.08 percent; Berkeley City College, 19.88 percent; Laney College, 40.61 percent; and Merritt College, 20.43 percent.

Excluding international and out-of-state student fee revenue, the projected districtwide total revenue for fiscal year 2014-15 is \$128,791,119. All budget expenditures associated with the OPEB program are subtracted from this amount as exclusions in order to arrive at the actual resources available. For fiscal year 2014-15 the OPEB exclusion amounts to \$18,754,797; thus, total resources available for allocation equal \$110,036,322.

The budgets attributed to revenues from out-of-state and international students are allocated to each college in proportion to the FTES generated at each college for the out-of state and international students. From these resource allocations, expenses for centralized services are allocated to each college, again based on the three-year rolling average of FTES. Some of these centralized services occur within District service centers – departments located within the District Office that provide the colleges and the District as a whole support in functional areas that are specifically not located at the colleges. The Accounts Payable department, for example, is located within the District Office and serves in paying invoices and other financial obligations of the colleges and the District. In total, there are thirteen District service centers with a total combined budget of \$21,231,765. Other centralized services occur within centralized service centers – departments which are physically located at the respective colleges with personnel assigned, but for which the budgets have been centralized for cost efficiency and accountability purposes. In total, there are four centralized service centers with a total combined budget of \$6,190,939.

After allocating the projected expenses for the District Office Service Centers and Centralized Services and allocating projected revenues for out-of-state and international students and the Parcel Tax, the net revenue allocation by college is shown below. (Table 54)

Table 54
Summary of Recent Sources of District Restricted Funds (2014-2015)

	BCC	Alameda	Laney	Merritt
BAM Allocations	\$17,962,939	\$16,442,326	\$35,400,036	\$17,399,168
2014-15 Actual Allocations (based upon projected expenditures)	\$15,684,256	\$15,523,535	\$30,961,345	\$17,475,512
Difference from BAM	(\$ 2,278,683)	(\$ 918,791)	(\$ 4,438,691)	\$ 76,344
Parcel Tax Allocations	\$ 1,464,996	\$ 1,448,823	\$ 2,777,320	\$1,442,750
Total with Parcel Tax Allocation	\$17,149,252	\$16,972,358	\$33,738,665	\$18,918,262
Amount Over/(under) BAM Allocation	(\$ 813,687)	\$ 530,032	(\$1,661,371)	\$ 1,519,094

Source: PCCD Business Office

It is understood that shifting from a base rollover allocation model to the District BAM, based upon the SB361 allocation model, was a paradigm shift in funding methodology. Due to the size and magnitude of this change, it is taking multiple years to fully implement the BAM because of the need to avoid undue negative operational impacts to programs and services.

Full implementation of the BAM is ongoing. The Planning and Budgeting Council modifies the BAM each year during the fall semester via the participatory governance structure. Since the inception of the BAM, there have been multiple modifications. These include determination of the allocation for out-of-state and international students, provisions for allocating growth dollars, provisions for multi-year information technology expenditures utilizing carry-over funding, and provisions for allocating resources for facility, maintenance and operations expenditure planning.

Currently, a District Enrollment Management Task Force is reviewing additional recommendations that will be forwarded to the Planning and Budgeting Council for discussion and analysis. Additional options to achieve full implementation over time include shifting FTES targets to provide additional apportionment to some colleges, shifting growth money from one college to another, calculating FTES allocations through total FTES, based on a three-year rolling average, rather than resident FTES, reducing centralized support functions and services, and applying deficit reduction plans.

Additionally, should colleges or service centers deficit spend, the amount of the deficit is subtracted from any potential carryover funding. Should carryover funding be insufficient to cover deficits, a one-time reduction in the subsequent year's budget may be applied.

Overview of District Budget Development and Audit Process

Each year, the annual budget building process begins with updating a list of Tentative Budget Assumptions, which are used in developing the adopted budgets. As more detailed information is received from the Office of the Governor and the State Chancellor's Office, the assumptions are adjusted accordingly. The assumptions are categorized in three ways: General Assumptions, Revenue Assumptions, and Expenditure Assumptions. The 2014-15 Budget Assumptions are listed in the [2014-15 Final Budget](#), pages 13-14, and can be found online.

In the Peralta Community College District, the integrated budgeting and planning processes and the participatory governance structure support transparency and commitment to continuous educational improvement. Information about financial resources and management is widely available to the Planning and Budgeting Council (whose meetings are open to the public), to the colleges, and to the larger community. [Annual budgets](#) are posted online once approved by the Board of Trustees.

Independent external audits are conducted each year for all funds. The results of the audits are reported to the Board of Trustees and [Annual financial reports](#) are posted online. Meeting agendas and [meeting minutes for Planning and Budgeting Council](#) are posted online. [Board Policy 6200 \(Budget Preparation\)](#) and [Administrative Procedure 6200 \(Budget Management\)](#) identify activities and set dates for each step in the budget development process.

III.D.1. The institution relies upon its mission and goals as the foundation for financial planning.

Descriptive Summary

Berkeley City College relies upon its [mission](#) and [goals](#) as the foundation for financial planning. Within the District, financial planning is ongoing and is an integral part of a well-defined and integrated districtwide planning and budgeting process that links district level and college level missions, annual goals, and strategic plans.

BCC actively participates, along with the three other Peralta colleges, in the development of the overall mission of the District. The colleges then work with the District through the established planning and budgeting process to set annual and strategic goals for the District.

At BCC, the [College's Mission, Vision, and Values \(MVV\)](#) statement is aligned with District Board Policy 1200 (Mission). See the Descriptive Summary of Standard I.A.2 for more information about this. BCC's annual goals, as well as the strategic activities related to these

goals, are developed in alignment with the BCC MVV and reflect the individual priorities and needs of the College, as identified through the College's own integrated, short-term and long-term planning and budgeting process. As part of this process, all College goals and objectives are deliberately mapped to the District goals and objectives. BCC's budget supports the aligned goals and objectives developed through this multi-faceted planning process.

Mission-Based Planning at the College Level

[BCC's Mission, Vision, and Values \(MVV\)](#) and [goals](#) are the foundation for financial planning, which is integrated with and supports all institutional planning on campus. BCC reviews its mission and goals as part of the annual planning and budgeting process. This past year, for example, based on discussions held as part of the annual planning process, the College's MVV, approved by the District's Board of Trustees in 2005, was slightly [revised and re-adopted by the Board on October 7, 2014](#).

BCC also routinely reviews its goals as part of this annual planning and budgeting cycle. Each year, BCC goes through a shared governance process to develop and/or update its annual goals in alignment with the District's annual goals. As part of this process, it assesses and documents its progress in reaching the current year's goals and uses this as a basis for building the next year's goals.

The College's goals arise from the mission-based program review/annual program update (APU) process. Through this process, the College's various divisions, departments, and units use a template, along with program-related student outcomes data and financial data, to review their current programs and services in relation to the BCC MVV and identify future programmatic and related financial needs. These needs are then presented to the relevant college committee (e.g., Technology, Facilities, Education) and other shared governance groups, which engage in a participatory process to establish priorities among competing needs, using rubrics and other measures supporting the College MVV.

These rubrics and planning practices help the College make decisions about and prioritize competing needs based on both the institution's MVV and goals and current and anticipated funding levels, such as District BAM funds, state revenues, and funds from restricted sources (e.g., bonds and grants). The rubrics are developed for both ongoing areas of resource allocation (e.g., technology resources) and emerging opportunities for resource allocations, in compliance with restrictions on funding set by the individual funding source.

For example, this year (2014-15) BCC is receiving a new source of revenue through Measure B funds. These funds are designated specifically for closing the achievement gap and will be allocated through the District's new Peralta Accountability for Student Success (PASS) initiative. The College, therefore, developed a rubric to help the BCC faculty, staff, and administrators prioritize the use of PASS funds (see Table 55) in accordance with this focus. All priorities identified through the program review/APU process have a budget figure attached, which is linked to an identified revenue stream in the College budget.

Transparent budget development and monitoring are part of the ongoing planning and budgeting process. BCC’s annual budgetary expenditures are documented, and this information is used to evaluate program and institutional effectiveness. This documentation also provides evidence that the College’s past fiscal expenditures have supported the achievement of its mission-based institutional plans. Fiscal expenditures, for example, are recorded by function and type of expenditure and, in this way, are linked with the annual institutional plan.

The College also has yearly records of actual expenditures related to the previous year’s plan, which can be used for institutional assessment and planning. This includes a detailed list of expenditures that align with the approved budget for the previous year, which was based on data driven program review by the College’s various divisions, departments, and units. This allows the College to track in specific detail whether or not it is meeting its stated objectives. For example, over the last few years, the Programs and Services for Students with Disabilities/Disabled Students Programs and Services (PSSD/DSPS) staff members have requested various software and hardware updates to support student learning in alignment with the College’s educational mission. The financial records show that these items have been purchased. Through the APU process, PSSD/DSPS also recommended that BCC fill the vacant Learning Disability Specialist position; the financial records show that this position has been filled. Similarly, the Student Services Division has been requesting full-time counselors since 2009. The financial records show that the number of full-time counselors has nearly tripled, from three in 2009 to eight in 2014.

Table 55

BCC Rubric for Prioritization of PASS Funds from Measure B

Prioritization Criteria for PASS Expenditures at Berkeley City College – May 6, 2014		
Measure B ballot language stipulates that Measure B money will be spent to “support affordable college education including: providing core academic programs including math, science, and English; training students for successful careers; and educating students to transfer to university [but will spend] no funds for administrators’ salaries, and [that] all funds [will be spent] in our college district.”		
OVERARCHING CRITERIA		
In line with: BCC Mission, Vision and Values; BCC Goals, PASS Closing the Achievement Gap, SSSP, and BCC data.	Yes	No
Supported by	Yes	No

APU				
Criteria	Clearly Meets Criterion (3)	Meets Most Aspects (2)	Partially Meets Criterion (1)	Does Not Meet Criterion (0)
Fulfills language of Bond Measure B*	Provides core academic programs, including math, science, and/or English, AND leads to transfer or successful careers	Provides core academic programs, including math, science, and/or English, OR leads to transfer or successful careers	Addresses some elements of the Measure B ballot language	Does not meet any of the criteria noted in the Measure B ballot language.
Fulfills or expands instructional or student services program not fully funded by BAM*	This program is not funded by BAM (not currently funded).	This program is mostly not funded by BAM (mostly not currently funded).	This program is mostly funded by BAM (mostly currently funded).	This program is fully funded by BAM (currently funded).
Additional number/FTES students served	Enables enrollment growth with 100 or more headcount/FTES.	Serves additional between 50-99 - headcount/FTES.	Minimum impact on enrollment growth.	No impact on enrollment growth.
Directly supports students	All funding provides direct support for students.	Most of the funding provides direct support for students.	Most of the funding does not provide direct support for students.	None of the funding provides direct support for students.
Is sustainable	The College will continue to support this program after the Bond expires, pending assessments; the need is clear and the cost is reasonable.	The College might support this program after the Bond expires, despite minor concerns regarding the cost and/or the need.	The College might not be able to support this program after the Bond expires due to the high cost or because it is not a high priority.	The College is not likely to support this program after the Bond expires because of the high cost and because it is not a high priority.

Source: Berkeley City College Office of Instruction

Mission-Based Planning at the District Level

All planning within the Peralta Community College District – including financial planning – originates with the District’s mission. [The District Mission Statement](#) was reviewed and reaffirmed by the [Board of Trustees in June 2014](#). It is a comprehensive statement that demonstrates a strong commitment to the achievement of student learning and success.

The District Mission drives the [District Strategic Planning Goals and Annual Institutional Objectives](#). These goals and objectives are integrated into every component of the planning and budgeting processes. The District first implemented a strategic planning process in 2008-09, calling for strategic planning on a six-year cycle. Recently, the process for updating the strategic plan began during Spring 2014 with the review and revalidation of the PCCD Mission Statement (BP1200). An external scan was completed during the summer of 2014, which informed a review and revalidation of the districtwide strategic goals. The District’s Mission Statement and Strategic Goals are posted online. [The 2015 PCCD Strategic Plan](#) is in the final stages of completion and includes new planning and resource allocation initiatives that focus upon student success, equity, and career/technical pathways programs.

Self Evaluation

The College meets this Standard. BCC relies upon the College’s Mission, Vision, and Values, developed in alignment with the District Mission Statement, and both District and College Strategic Goals and Institutional Objectives in financial planning.

Actionable Improvement Plan

None.

III.D.1.a. Financial planning is integrated with and supports all institutional planning.

Descriptive Summary

Financial planning is integrated with and supports all institutional planning in the District. Both the College and the District use financial data to assess past performance and plan future programs and services, and financial planning is an important part of the established planning and budgeting processes at all levels. This integrated planning and budgeting framework, therefore, aligns planning, resource allocation, and institutional assessment/evaluation at BCC and at the District.

College Level Integration of Financial and Institutional Planning

At BCC, financial planning is an essential and required component of institutional planning. Review of financial data is ongoing and part of both annual planning and strategic planning (i.e., the development of the Education Master Plan).

The College is charged with developing its annual budgeting and planning cycle, in alignment with the timeline set by the District. At BCC, planning and budget development involves six stages: 1) review of the previous year's goals and accomplishments (at the end of the current fiscal year/start of the new fiscal year), 2) development of goals and activities and recommendations for resource allocation for the coming year (at start of the fiscal year and ongoing), 3) planning and preparation (ongoing), 4) budget adoption by the College and District (spring semester), 5) implementation of the budget (at the start of the next fiscal year), and 6) evaluation (monthly, at the end of the fiscal year, and ongoing). Financial planning is integrated into every stage of BCC's annual planning process.

Financial planning and institutional planning are linked at the college level primarily through the institutional planning and budgeting cycle. At the onset of the College's planning and budget development process, program reviews and APUs inform the discussion about the hiring prioritization process for faculty, classified staff, and administrators, as well as the allocation of resources for non-personnel needs. BCC undertakes a comprehensive program review every three years and completes APUs in alternate years. The resulting documents integrate the BCC Mission, Strategic Goals, and Objectives with resource allocation and financial planning by identifying resource needs and priorities for personnel, facilities, technology, and equipment.

The recommendations from the program review/APU process are forwarded to the appropriate shared governance committees and, ultimately, to the BCC Roundtable for Planning and Budgeting. After Roundtable review, a consolidated list of recommendations is forwarded to the President and President's Cabinet. If funding is available in the current year, the College uses these funds to meet any unfunded prioritized requests from the planning process. These prioritized recommendations will be used as a basis for funding in the following fiscal year. After College review, priorities are forwarded to the three District shared governance committees (Education, Technology, and Facilities) and the District Planning and Budgeting Council (PBC) to identify common themes and needs.

District Level Integration of Financial and Institutional Planning

At the district level, the allocation of financial resources is an important and integral part of the districtwide planning and budgeting process. The District's Planning and Budgeting Council (PBC), chaired by the Vice Chancellor of Finance and Administration, is made up of representatives from all four colleges and the service centers. All participatory governance constituencies are involved. Such broad-based participation ensures communication between the College constituencies and the District for budgetary, financial, and planning purposes.

The PBC is charged with developing and modifying the District's Budget Allocation Model (BAM), evaluating the budget, discussing the impacts of the Governor's budget proposals on ongoing fiscal commitments, and making recommendations to the Chancellor for the tentative and adopted budgets, as well as reviewing funding allocations for each of the four colleges and the District service centers. In making its recommendations, the PBC receives information concerning enrollment, trends in revenues, expenditure reports, cash flow, reserves, bond funds, grants, and long-term liabilities.

The PBC also evaluates proposals that come forward from the District subject matter committees (District Technology Committee, District Facilities Committee, and District Education Committee) related to the allocation of resources. In addition, the [PBC](#) evaluates funding requests brought forward from the colleges and service centers that prioritize resource needs and requests identified through the comprehensive program review and annual program update processes. In this way, financial planning is structurally integrated with institutional planning at all levels of the District and College.

Self Evaluation

The College meets this Standard. The College and the District have implemented comprehensive, systematic, and clearly linked processes for integrating financial planning with institutional planning.

Overall, the College and the District are in sound fiscal shape due to a combination of prudent financial stewardship, strong community and voter support of general obligation bonds, a parcel tax measure, and careful use of a series of state and federal grants. The College and the District ensure financial stability, integrity in financial management, and strong integration of resources planning with institutional planning. The financial resources of Berkeley City College are sufficient to support student learning programs and services and to improve institutional effectiveness.

Actionable Improvement Plan

While the College meets this Standard, BCC and the District will work to achieve the full implementation of the Budget Allocation Model.

III.D.1.b. Institutional planning reflects realistic assessment of financial resource availability, development of financial resources, partnerships, and expenditure requirements.

Descriptive Summary

Institutional planning, at both the College and at the District, reflects the realistic assessment of financial resource availability and expenditure requirements for restricted funds. It also entails the development of financial resources and partnerships, and the College and District work together to not only strategically utilize current financial resources but develop new sources and local and regional partnerships for funding.

College Level Financial Resource Assessment and Development

Through its annual institutional planning process and throughout the year, BCC continually assesses the availability of its overall financial resources (unrestricted and restricted) to support its budgetary goals. As part of this assessment, it researches new sources of funding

(primarily restricted) to supplement its budget and meet any anticipated funding gaps or fund new initiatives that support student learning. It also reviews the application of restricted funds to make sure that these designated streams of funding are being spent according to funding agency expenditure requirements and are coordinated with other funding sources to avoid overlap.

When the College learns of the availability of additional financial resources, it undertakes a rigorous assessment of these new funding possibilities to make sure that they are a good match for the College and that the College can meet the contractual requirements of the relevant funding agencies. For example, when BCC learned about the new SSSP funds, it initially studied the State guidelines for the use of these funds in order to understand the requirements as it developed the SSSP program plan and program budget. BCC then underwent a rigorous participatory shared governance process, presenting the proposed SSSP program plan and budget to the Classified and Academic Senates, the Associated Students of Berkeley City College (ASBCC), and the Roundtable for Planning and Budgeting to solicit input, to further interpret the state guidelines and restrictions, and to communicate regarding other College planning processes, such as planning related to the Basic Skills Initiative (BSI), to make sure that the two plans complemented, rather than overlapped with each other.

Similarly, when the College encounters budget cuts, particularly in the area of state funds, it acts to boost its restricted fund to counteract reductions in the unrestricted (base) operating fund. For example, several years ago, during the state-mandated workload reduction period, BCC readjusted its plan regarding the scheduling of classes, student enrollment, and hourly faculty FTEF. The College's governance bodies worked together to develop the guiding principles for budget reductions to address the variations in the discretionary budget between 2010-11 and 2012-13. (Table 56)

Table 56

BCC Guiding Principles for Addressing Budget Reductions

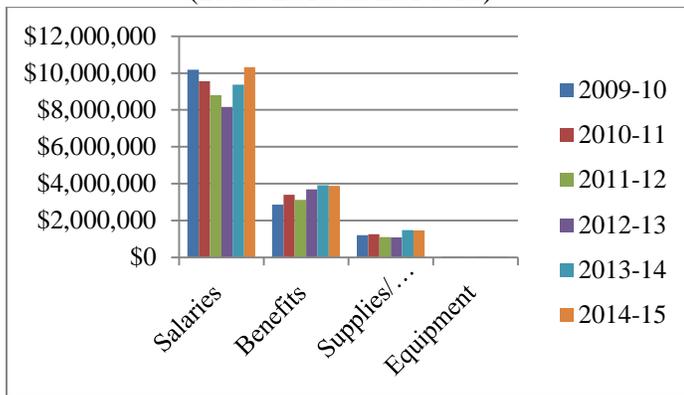
- Utilize the shared governance planning process to make data driven strategic decisions.
- Support student success, access, and equity.
- Utilize learning outcomes assessment and other relevant measures to maintain the highest quality of instruction and services.
- Keep cuts away from the classroom, as much as possible.
- Support critical initiatives, such as basic skills.
- Seek input from the shared governance process.
- Maintain transparency, collaboration, and communication.
- Support instruction and student services.

Source: BCC Roundtable for Planning and Budgeting

To realistically conduct financial planning for quality programs and student support services, BCC assesses and strategically utilizes all of its financial resources, including unrestricted and restricted funds. BCC applies for and manages grants through internal and external partners so that these funds not only comply with the funding guidelines, but complement one another. Chart 18 and Chart 19 show the six-year trends in unrestricted and restricted funding by major category, clearly illustrating how the two funds work together to ensure that vital services, programs, supplies, equipment, and operating costs are funded.

Chart 18

BCC Unrestricted Budget by Major Category*
(2009-2010 to 2014-15)

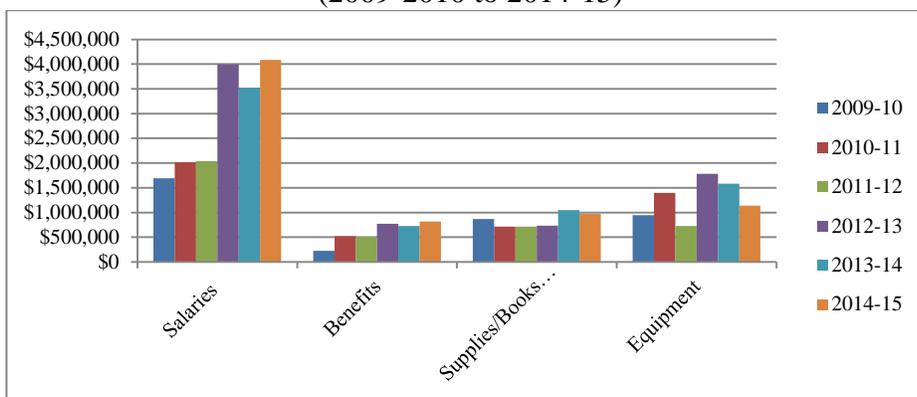


Source: PCCD Business and Administrative Services

*Excludes Object Code 7000 OTHER OUTGO – expenditures for the retirement of debt, tuitions, fund transfers, student financial aid (book funds, child care and transportation allowances, etc.), and appropriations for contingencies.

Chart 19

BCC Restricted Budget by Major Category*
(2009-2010 to 2014-15)



Source: BCC Working Budget Files

*Excludes Object Code 7000 OTHER OUTGO: expenditures for the retirement of debt, tuitions, fund transfers, student financial aid (book funds, child care and transportation allowances, etc.), and appropriations for contingencies.

These charts illustrate how BCC has worked over time to build its base of restricted funding to supplement its unrestricted (base) operating budget, meet unfunded needs, and also help to grow the institution for the future. Between 2011-12 and 2012-13, when salaries were being cut back in the unrestricted (base) budget due to State workload reduction mandates, the College was able to compensate for this loss by securing restricted funds in this area. While these restricted funds were for specific initiatives and could not be used for general salaries, they did allow the College to staff certain services and programs to support student learning in a time of statewide budget reductions.

The charts also show that the College has been successful over the last six years in steadily securing restricted funds to augment non-personnel areas (e.g., books, supplies, equipment) not adequately covered by the unrestricted fund, helping to strengthen the overall quality of the educational environment and experience for BCC students. These charts also serve as evidence that BCC collects and uses financial data to track and improve its performance and ensure stability, meeting Eligibility Requirement 17 (Financial Resources) and complying with the U.S. Department of Education’s *Regulations and Guidelines for 34 C.F.R. 602.19 (a-e)*.

District Level Financial Resource Assessment and Development

In the Peralta Community College District, resources and expenditures are carefully assessed each year through a combined College and District process. The [District’s Integrated Planning and Budget Building Calendar](#) marks milestones for districtwide planning documents, individual colleges’ and district service centers’ budgeting needs, and college-based resource planning, and is vetted within the District’s Planning and Budgeting Council and by the District’s Board of Trustees. The Integrated Planning and Budgeting Calendar

specifically identifies when deliverables are to be accomplished and who is responsible.

The major driver for receiving state funding has been apportionment, based on the number of full-time equivalent students (FTES); therefore, college funding has been highly sensitive to fluctuations in enrollment. As with the state community college allocation model, the District resource allocation model is driven by potential growth in FTES. This model was designed to be simple, predictable and stable, accommodate both strong and lean fiscal years, provide for a reserve in accordance with PCCD Board policy, provide for periodic review and revision, utilize conservative revenue projections, provide some centralized services, maintain autonomous college level decision-making, and be in accordance with the [District's Mission and Strategic Goals and Institutional Objectives](#).

To ensure fiscal stability, District FTES goals are closely aligned to the state-funded FTES goals each year. The District attempts to be slightly above the FTES level that the state will fund so as to maximize revenue. Revenue assumptions are in line with the Governor's proposal in early January and estimates are updated after the May revision. The [PCCD Budget Allocation Model](#) (BAM) uses three year rolling averages of FTES for each college, thereby avoiding sharp fluctuations as enrollments rise and fall. In addition to provisions for growth funding, the model has built-in adjustments for new resources such as non-resident tuition, carry-over funds, and benefits adjustments.

With the support of Alameda County voters residing within the Peralta Community College District, [Measure B](#), a special parcel tax, was approved for a period of eight years beginning on July 1, 2012. This measure levies \$48.00 on each parcel within the District annually. The funding revenue is used to maintain core academic programs, such as mathematics, science, and English; to support career training; and to prepare students to transfer to four-year universities. It is also used to attract and retain high quality faculty and assure adequate staffing levels in areas that support student access to classes and services.

The District Planning and Budgeting Council reviews revenue and expense assumptions, along with multi-year projections each year during its participation in the annual budget development process. The District benefits from the work of the Community College League of California, fiscal analysis provided by the McCallum Group and the services of the State Chancellor's Office. Each of these three Sacramento-based organizations provides daily and weekly reports, and the District relies upon them for projecting current year and multi-year forecasts and changes to mandated student programs. The District has also found that the Association of Chief Business Officials is a source of timely and essential financial and program compliance information. With the benefit of all of these sources, the Vice Chancellor of Finance and Administration regularly updates the Planning and Budgeting Council, the colleges, and the governing board on matters important to fiscal and program planning.

In addition, the quarterly CCFS 311 report, incorporated into the Board agendas, provides the public and all District employees with a comprehensive picture of District finances. These quarterly reports present financial information compared to the initial annual budget plan and past quarterly reports. Each quarterly report further includes a budget statement and narrative



to convey the projected district ending fund balance and any anticipated major events which could affect the ending fund balance. A four-year history of the District’s unrestricted general fund is presented in Table 57.

Table 57

District Schedule of Financial Trends and Analysis
(2010-11 to 2013-14)

	Budget 2013-14	Actuals 2012-13	Actuals 2011-12	Actuals 2010-11
Unrestricted General Fund				
Revenues*	\$111,171,357	\$107,394,573	\$104,769,229	\$112,425,309
Other Sources*	12,691,939	9,152,116	8,093,251	10,153,021
Total Revenues and Other	123,863,296	116,546,689	112,862,480	122,578,330
Expenditures*	117,782,451	108,128,047	106,228,619	115,033,411
Other Uses and Transfers Out*	6,242,386	5,613,258	6,633,861	4,670,296
Total Expenditures and Other	124,024,837	113,741,305	112,862,480	119,703,707
Increase (Decrease) in Fund	(161,541)	2,805,384	-	2,874,623
Ending Fund Balance*	\$15,326,744	\$12,823,280	\$10,017,896	\$9,322,904
Available Reserves	\$15,326,744	\$12,823,280	\$10,017,896	\$9,322,904
Available Reserves as a Percentage of Total Outgo	12.36%	11.2%	8.88%	7.79%
Long-term Debt**	\$664,718,582	\$678,185,799	\$677,829,167	\$665,464,696
Annual Funded FTES***	18,626	18,191	18,006	19,510

Source: *From Budget Books, **From Audit Reports, ***From State Certifications

In developing each year’s budget, the District utilizes a set of budget assumptions to ensure that college budgets are built with and informed by current data, remain within expenditure requirements, and are balanced.

Peralta Community College District: 2014-15 Final Budget Assumptions

The District adopted the following budget assumptions for 2014-15:

General Assumptions

1. The 2014-15 Adopted Budget will be balanced.
2. The 2014-15 Adopted Budget will have a contingency reserve of no less than 5 percent.
3. The District and colleges will use plans, planning documents, and planning processes as a basis for the development of their expenditure budgets.
4. The District does not intend to issue a Tax Revenue Anticipation Note (TRAN) for the 2014-15 Fiscal Year.
5. All State Apportionment deferrals will be eliminated.
6. There will be a line item in the budget for facilities maintenance and repair.

Revenue Assumptions

7. General apportionment deficit factor 2 percent for 2014-15.
8. Access money, formally referred to as enrollment growth funds, for PCCD of 2.5 percent for 2014-15, estimated 374 FTES which means approximately \$2 million for PCCD.
9. The Cost of Living Adjustment (COLA) of .85 percent for 2014-15 equals \$850,657 for PCCD.
10. Full Time Equivalent Student (FTES) base of 19,355; funded base credit FTES of 19,055. This is a 2.5 percent increase from 2013-14 P1 Certified FTES.
11. Funded base non-credit FTES of 91.48.
12. Anticipated property tax receipts of \$28,645,643 which is an increase of \$561,679 or 2 percent from 2013-14 estimated.
13. Unrestricted lottery at \$126.00 per funded FTES.
14. Mandated Cost Block Grant budgeted at \$503,771. This is the same as prior year.
15. Third Year of Parcel Tax estimated to be \$8,053,385.

Expenditure Assumptions

16. The District will meet all negotiated contractual obligations.
17. Step and column salary increases will be included.
18. Projected Public Employee Retirement System contribution increase to 11.771 percent, an increase of .329 percent estimated to be \$73,563.
19. State Teachers Retirement System increased to 8.88 percent, an increase of .63 percent which is estimated to be \$198,600.
20. Maintain the District contribution to DSPS of \$1.15 million.
21. Any restricted funding cuts or cost increases must be borne by the respective program.
22. Increase in Medical premiums up to District cap, estimated increase cost of \$979,893:
 - Kaiser Permanente – 0 percent increase from prior year
 - Traditional PPO (PFT, Admin, SEIU) – 26 percent increase
 - Lite PPO (PFT, Admin, SEIU) – 24.9 percent increase
 - Traditional PPO (Local 39) – 22.1 percent increase
 - Lit PPO (Local 39) – 17.5 percent increase
23. No increase to OPEB required contribution.
24. Allocation of new faculty positions will be based on achieving parity within the Colleges
25. Utilities to be budgeted at the campus level at the prior year rates plus 2 percent for inflation. This is an increase in site discretionary budgets and a decrease in Department of General Services budgets for this purpose totaling a \$71,801 increase.
26. 1 percent adjustment to PFT salary schedules, to equalize the on-going cost with other unit settlements from 2012-13, estimated adjustment to be \$299,859.
27. Increase in Workers Compensation rate of .1 percent to 1.3 percent of payroll, estimated cost to be \$54,500.

The District and all colleges returned their budget development documents to the Vice Chancellor of Finance on or before the deadline in the 2013-14 budget-building calendar. Based on these documents and the 2014-15 Final Budget Assumptions, a Tentative 2014-15 Budget was compiled and approved by the Board of Trustees in June 2014. The Tentative Budget was communicated throughout the institution through the participatory governance structure via the Planning and Budgeting Council in their last meeting of the 2013-14 academic year. When the state adopted its final budget, the District adjusted the Tentative Budget to establish the [Final Budget for 2014-15](#), which was approved by the Board of Trustees on September 9, 2014. This budget includes final prior year expense information, projected ending balances, and updated revenue information.

Self Evaluation

The College meets this Standard. There is a clearly defined and articulated planning and budgeting process that establishes priorities for funding to support strategic goals and annual institutional objectives. Institutional planning reflects realistic assessment of financial resource availability, partnerships, and expenditure requirements. Financial information is broadly disseminated through the participatory governance structure, as well as posted on the District website for all constituencies to review.

Actionable Improvement Plan

None.

III.D.1.c. When making short-term financial plans, the institution considers its long-range financial priorities to assure financial stability. The institution clearly identifies and plans for payment of liabilities and future obligations.

Descriptive Summary

Both the College and the District consider long-range financial priorities when making short-term financial plans. The District, however, has primary responsibility for identifying and planning payment of liabilities and future obligations.

College Short-Term and Long-Range Financial Planning

BCC conducts long-range financial planning in the context of developing its ten-year Education Master Plan. Evidence of short-term fiscal planning exists in the program reviews and APUs and the College's annual expenditure reports.

During the recent budget reduction period, BCC needed to make short-term financial plans to counteract the impact of these cuts. It pursued grants and other restricted sources of funding to address short-term needs and, at the same time, continue to pursue its long-term goals,

while staying in compliance with the funding agency guidelines (i.e., not supplanting existing resources).

For example, when the Equal Opportunity Program and Services (EOPS) budget was cut by the State Chancellor's Office, BCC acquired a TRiO grant from the U.S. Department of Education to help continue to provide vital services to students. While the TRiO grant could not replace the services cut, the grant project adopted the EOPS "above-and-beyond" service model, focusing on providing support for students from low income families with a goal to transfer. The grant has enhanced counseling, tutoring, and study skills support to help students reach their goals.

District Responsibilities Related to Planning and Liabilities

The District considers both short-term and long-term interests of the four colleges regarding institutional and financial plans, including planning for long-term liabilities and obligations. Various tools such as multi-year projections, population demographic trends, fund-balance projections and cash flow analysis inform group discussions and final recommendations to the Chancellor. Additionally, existing and potential liabilities are identified and considered as they relate to the payment of long-term liabilities and obligations in the [budget-development process](#).

The District utilizes multiple methodologies to analyze and project ending year fund balances. With the advice of the District's financial advisor, a cash flow analysis is completed annually. This analysis is used to determine whether Tax Revenue Anticipation Notes (TRANs) short-term borrowing will be needed to meet all expenditure requirements during the fiscal year. No TRANs were sought or needed during the 2013-14 fiscal year, nor are they anticipated for the 2014-15 fiscal year.

The District has also developed multi-year revenue and expenditure forecast models. Expenses for fixed costs such as employee benefits, utilities, normal supply cost inflation, retiree benefit obligations and other non-discretionary expenses are built into the multi-year forecast. Revenue projections are similarly built into the model. Critical data elements for FTES enrollment, state base allocation and potential staff deficits as well as receipt of local parcel tax revenue and facilities bond revenue are incorporated into the model. The District projects a positive ending balance for the 2014-15 fiscal year and the ability to manage expected expenditure requirements.

Both the College and the District consider short-term liabilities as they affect long-term liabilities. For example, the District negotiates all labor contracts, which impact the College. The District Office of Finance and Administrative Services projects the impact of changes in labor management agreements as a component of the annual budget assumptions used in preparing the colleges' budgets. When evaluating potential labor agreements, the District takes into account both the cost of salaries and the costs of related benefits in order to ensure that projected financial resources are available in both the short term and long term.

Planning for payment of long-term liabilities is incorporated into the districtwide budget

building process, the [Five –Year Construction Plan](#) and [Annual financial audits](#). According to the annual audit report for the fiscal year ending June 2013, the District recognizes its long-term financial obligations and has incorporated these into its financial plans, including retirement and other post-employment benefits (OPEB).

Financial reserves are maintained in order to meet long-term obligations, as well as budget emergencies. [Board Policy 6200 \(Budget Preparation\)](#) requires that the District budget a minimum of a five percent reserve (minimum fund balance) and that budget projections address the District’s short and long-term mission, goals, and commitments. The implementation of this Board Policy is accomplished through [Administrative Procedure 6200 \(Budget Management\)](#) and the establishment of annual budget assumptions. Both documents mandate that the mission inform the allocation of resources. The District general fund budget provides adequate resources to support the cost of instruction, student services, and institutional support. Planning for long-term liabilities consists primarily of ensuring general obligations bonds to cover the cost of future retiree health benefits.

In December 2005, the District became the first public entity in the country to issue OPEB bonds to fund lifetime health benefits. The proceeds of the bonds are in an Indentured Trust Fund and can only be used to pay or reimburse the District for payment of retiree health benefit costs.

Investments to date have been sound and are regularly reviewed. In the most recent [Actuarial study](#), the [OPEB Actuarial Accrued Liability \(AAL\)](#), Unfunded Actuarial Accrued Liability (UAAL), and Annual Required Contribution (ARC) were identified as \$174,703,920, \$174,703,920 and \$11,228,305 respectively. The ARC is used as the basis for determining expenses and liabilities under GASB43/45.

In 2006 and 2009, the District restructured the 2005 OPEB bonds. For the 2006 transaction, three short maturities of current interest bonds were restructured to mature in 2049. In the 2009 transaction, two short maturities of current interest bonds were restructured to mature in 2011 to 2015. As a result, these transactions increased the overall debt service to the program. In October 2011, the District restructured the current interest bonds that were issued in 2006 and 2009. The purpose of this restructuring was to provide debt service payment relief to the unrestricted general fund. At that time, the District was in a position in which it had to cut in excess of \$15 million to balance its operating fund (unrestricted general fund).

Further, plans were developed to cut the District’s operating fund in anticipation of additional workload reductions at the state level, plus increases attributed to CalPERS employer contribution increases, increases in health and welfare expenditures for current employees, and increases in debt services payments attributed to OPEB bonds. A summary of the debt services prior to and after the restructuring is provided in Table 58.

Table 58

District Debt Service Prior to and Post Restructuring

	Prior to Restructuring	Post Restructuring
Estimated Debt Service in 2012	\$8,104,282.78	\$1,637,033.92
Estimated Debt Service in 2013	\$9,159,220.60	\$4,247,467.76
Estimated Debt Service in 2014	\$10,366,629.27	\$5,810,280.98
Estimated Debt Service in 2015	\$11,745,840.47	\$6,727,396.13
Estimated Debt Service in 2016	\$19,823,770.80	\$7,646,992.27
Estimated Debt Service in 2017	\$9,247,141.55	\$13,312,115.32

Source: PCCD Office of Finance

After 2017, the average annual increase in debt service will be approximately 3 percent. Due to these restructurings, the District’s unrestricted general fund saved about \$29 million in debt service payments over this six-year period.

The District has appropriated additional resources to fund the gap between the [OPEB](#) Trust assets and the District’s Actuarial Accrued Liability (AAL). As a result of a multi-year savings plan, the estimated actual balance held in the [District’s OPEB Special Reserve Fund](#), as of June 30, 2014 was \$10,256,579. Amounts on deposit in the unrestricted OPEB Reserve Fund are available to pay for SWAP Agreement termination payments, debt service on the 2005 Bonds, or Other Post-Employment Benefits. Although the OPEB Reserve Fund is available to pay debt service on the Bonds the District has budgeted for fiscal year 2014-15, sufficient amounts exist in the General Fund to satisfy debt service on the 2005 Bonds.

The Peralta Community College District negotiates with three recognized employee bargaining units. The results of these negotiations often impact the level of benefits provided to employees and future retirees and associated costs to the District. Those bargaining units are Service Employees International Union (SEIU) Local 1021, International Union of Operating Engineers (IUOE) Local 39, and California Federation of Teachers Local 1603 (Peralta Federation of Teachers or PFT).

Effective July 1, 2012, the District and the three bargaining units successfully negotiated numerous changes, including plan design changes, employee contributions, and the incorporation of a variable rate cap limiting the amount the District pays for medical and dental benefits. The changes for medical plans introduced a mid-level self-funded medical plan which provides the same level of benefits as the District’s traditional self-funded plan, but exclusively utilizes the network provided by Anthem Blue Cross (\$15 - \$45 monthly). Employees that see practitioners outside of the Anthem Blue Cross network now have to pay a premium difference which varies with the number of dependents covered. The District continues to offer a Kaiser Permanente plan free to employees.

Employees hired on or before June 30, 2004 are eligible to receive District paid benefits for the duration of the employees' lives. Employees hired after June 30, 2004 and retired from the District are eligible to receive District paid benefits until the age of 65, at which time the employees would receive coverage under Medi-Cal/Medicare.

With the incorporation of these plan changes, changes in employee contributions and the District paid cap, the annual savings to the District is approximately \$500,000. In addition to this annual savings, the District also realized a long-term savings or reduction in long-term liability, as reflected in the reduction of the actuarial determined OPEB liability. Prior to these changes, the District's actuarial determined OPEB liability was approximately \$221 million. The current actuarial determined liability is \$174,703,920.

Beginning in fiscal year 2010-11, the District implemented an OPEB charge to supplement funds available in the OPEB Trust in order to pay for the cost of current employees' future benefits. For fiscal year 2011-12, the OPEB charge resulted in approximately \$7 million of additional deposits into the OPEB trust. Based upon the most recent actuarial study, the OPEB charge was initially calculated at 12.5 percent. For fiscal year 2014-15 the charge is calculated at 9.5 percent. This amount is applied to all budgets that support positions eligible for OPEB.

The District estimates that this will, over the course of a 25-year period, result in approximately \$150 million of deposits to the OPEB Trust, not including any interest earnings or appreciation through investments. The transfers to the OPEB post-retirement fund are made with every payroll.

The most recent actuarial study, cited above, was reviewed and discussed with the [Planning and Budgeting Council](#) to update committee members on the status of the District's liability for post-retirement benefits, and the actuarial study was also on the [agenda of the Board of Trustees](#) as an information item in relation to submission of an ACCJC report.

At its April 2011 meeting, the PCCD Retirement Board (RB) approved bylaws and a charter that articulates the mission and purpose of the Retirement Board. The RB is comprised of five voting members, with the Vice Chancellor of Finance as Chair. Terms of service for the RB are two years. In addition, there are six advisory members; each of the three collective bargaining groups within PCCD has an advisory seat and the Peralta Retiree Organization (PRO) has three seats. The RB meets quarterly and all [agendas, meeting minutes and documents](#) are posted online.

At the January 26, 2012 meeting of the RB, Neuberger Berman was selected to serve as the Discretionary Trustee of the OPEB trust. Functioning in this role, the Neuberger Berman Discretionary Trustee ensures the Investment Policy Statement (IPS) is adhered to by the investment managers, constantly monitors the investment managers and evaluates them against their established benchmarks, and advises or makes recommendations to the RB on changes to the IPS as circumstances and the markets change. Additionally, Neuberger Berman also functions as the custodian of the plan assets. As of September 11, 2014 the

[OPEB investment trust](#) had assets of \$218,549,849 with a projected liability of \$174,703,920.

In addition, two bond measures approved by local voters support PCCD operations. Measure A, passed in 2006, was a \$390 million General Obligation Bond designated for capital improvements, including construction, renovation, and instructional equipment. [Measure B-Parcel Tax](#) was a special parcel tax measure approved by voters on June 5, 2012. This provides the District with an annual parcel tax on all parcels located within the District's boundaries of \$48 per parcel per year for eight years, to maintain core academic programs, such as Math, Science, and English; train students for careers; and prepare students to transfer to four-year colleges and universities, while closing the achievement gap.

Recently, taking advantage of historically low interest rates, the District refunded its outstanding general obligation bonds. These bonds payable are related to the issuance of Series B, C, and D General Obligation Bonds, Election 2000 Series A and B District General Obligation Bonds, and Election 2006 General Obligation Bonds. Due to its fiscal stability and sound financial stewardship, the refinancing will save local taxpayers nearly \$18 million over the 21-year life of the bonds. The District went to market with \$157,725,000 in new bonds to refund outstanding [bonds approved by voters](#) in 1992, 2000, and 2006 to enhance and modernize District facilities.

The District has made great strides in the past few years in addressing the issues and concerns raised by the PCCD Governing Board and the ACCJC about the long-term sustainability of the OPEB program. Two of the major achievements that will aid in the long-term sustainability of the program are the debt service restructuring and the implementation of the OPEB charge. The debt service restructuring will provide the District with budgetary relief of approximately \$29 million, and the OPEB charge has created an ongoing and dedicated revenue stream that will, over time, fund the Actuarial Accrued Liability (AAL). It is anticipated that any valuation in excess of the AAL will be used to satisfy the OPEB bond debt service obligations.

Self Evaluation

The College meets this Standard. Through sound fiscal management practices at the College and District levels, long-term liabilities and priorities are clearly identified and plans for payments have been developed and implemented to maintain fiscal stability.

Actionable Improvement Plan

None.

III.D.1.d. The institution clearly defines and follows its guidelines and processes for financial planning and budget development, with all constituencies having appropriate opportunities to participate in the development of institutional plans and budgets.

Descriptive Summary

BCC has primary responsibility for defining and overseeing the guidelines and process for financial planning and budget development at the College, in accordance with the policies and procedures for budget development set by the District. BCC also takes primary responsibility for providing appropriate opportunities for all of the College's key constituencies to participate in the development of institutional plans and budgets. Because all planning and budgeting at BCC is integrated with districtwide planning, there are many opportunities for the College's faculty, staff, administrators, and students to participate in planning processes at the district level.

College Level Processes for Budget Development and Constituent Involvement

BCC follows the clearly defined guidelines and processes for financial planning and budget development established by the District. In developing each year's budget, the College sets up an initial budget for the following year's expenditures, based on known expenditures, and then adjusts it based on the results of planning processes and new information about additional funds expected to come in from the State, the lottery, bonds, and grants. The BCC budget is recorded in a budget template, which is eventually sent to the District, according to the District budget calendar.

The College's processes for financial planning and budgeting are available to College constituencies on the BCC website (e.g., the Roundtable for Planning and Budgeting meeting minutes and planning review/APU documents) and information about district level planning and budgeting process is available through the District's Business Services website and the District Planning and Budget Integration webpage. Faculty, administrators, and select classified staff with budget responsibilities also have access to budgetary information through the District's online financial management system.

Financial planning and budgeting is integrated into the College's annual institutional planning process through the program review/APU templates. The program review/APU process requires participants (faculty, department chairs, administrators, and staff) to review data related to their programs or units and make specific requests for the upcoming year related to planning and budgeting.

The College's [Roundtable for Planning and Budgeting](#) is the main body for compiling all the requests related to the budget and making final recommendations to the President's Cabinet. The Roundtable is a broad-based shared governance committee made up of members from all of BCC's constituencies, including administrators, faculty, staff, and students. Roundtable meetings are open to the public, including those meetings in which budgeting decisions are discussed. Final recommendations are made known to constituents, therefore, through a

collaborative and visible shared governance process. Final recommendations are also posted on the Roundtable's webpage.

BCC's shared governance structure is designed to ensure that a wide range of constituencies participates in the College's financial planning and budget development process. All of these constituencies are granted an active role in the process and are charged with making recommendations for budget allocations, and these constituencies work in concert. For example, department chairs lead the conversation about the vision of the instructional departments to determine their future directions, and through an organized process, they make recommendations concerning the resources necessary to implement BCC's MVV. Department chairs' requests for physical, material, human, and financial resources are captured in tri-annual program reviews or, in the intervening years, APUs, which they author after analyzing achievement and learning outcomes assessment data related to the College's MVV, as well as annual goals. A similar process occurs for all service areas and other units of the College. See the [Berkeley City College Shared Governance Manual](#) for the descriptions of the committees listed above, as well as detailed information about the shared governance process.

The BCC Office of Instruction and the Student Services Division also use program reviews/APUs to assign each department allocations for its portion of Fund 1/General Fund monies. Additionally, the program reviews/APUs are used to determine fund allocations as new funding opportunities arise. For example, APUs have recently been used to prioritize Measure B or "PASS" funds (see Table 55), Student Success and Support Program (SSSP) funding, and Measure A funds.

When faced with new revenue streams, the College uses the mechanisms of shared governance and collaborative forums to ensure constituent participation in financial planning and budget development related to these new funding opportunities. For example, in Spring 2014, the District allocated \$586,460 in Measure B funds ("PASS" funds) to BCC for the 2014-15 fiscal year. The College responded by petitioning the faculty and staff for PASS proposals; the faculty and staff e-mail listserv was used to announce several PASS informational forums that informed the college community of the newly available funds, as well as soliciting their input on how the special local tax revenues should be spent at the College to best provide BCC with the "technology, facilities, human resources and financial support necessary for high quality core academic programs, including math, science and English; training students for successful careers; and educating students to transfer to four year universities." The shared governance process was used to apply the rubric in Table 55 in order to prioritize requests.

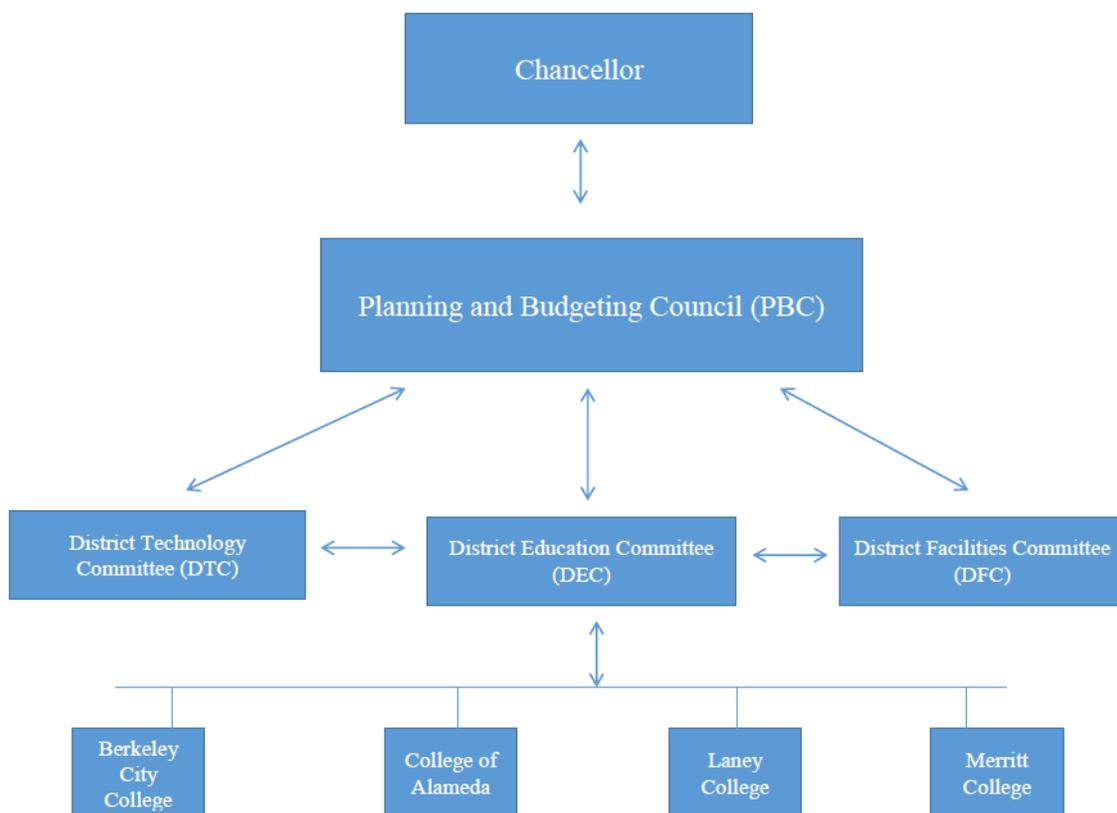
The Measure B funds were allocated to the College along with a Project Review Calendar of important dates for implementation and reporting and specific requirements for the PASS Program reports required of each college. [The Planning and Budgeting Council \(PBC\)](#) will collect these reports and use them to ensure broad communication on the use of Measure B funds. The Chancellor reports on Measure B to the Board of Trustees and to the Citizens Oversight Committee.

District Level Processes for Budget Development and Constituent Involvement

At the District level, the Planning and Budgeting Council (PBC) ensures that constituencies from each college have appropriate opportunities to participate in the development of institutional plans and budgets. The PBC operates according to an established Planning and Budget Integration Model, outlined in the following chart:

Chart 20

Planning and Budget Integration Model



Source: [Strategic Plan and Institutional Objectives](#)

The District Planning and Budgeting Council (PBC) holds monthly meetings during the academic year. It publishes the meeting notes online, and agendas, minutes and informational handouts are distributed electronically as well as posted on the District Planning and Budgeting Integration website. The PBC is a districtwide participatory governance committee with representation from all constituencies from all four colleges, including faculty, classified staff, administrators, and students. It reviews revenue projections and resource allocations for the District’s tentative and adopted budgets, annual budget assumptions and the annual integrated planning and budgeting calendar.

The District also has specific guidelines and processes for financial planning and budget development, which are codified through the following Board policies and administrative procedures:

[Board Policy 6200 \(Budget Preparation\)](#) articulates and defines the process of how each college will develop its annual fiscal year budget in an open, transparent and communicative manner. BP 6200 sets the criteria for addressing the District's long-term mission, goals, and commitments in the budget building process, and includes a statement which supports the educational plans of the District and the four colleges.

[Administrative Procedure 6200 \(Budget Management\)](#) details the process to implement this policy, which includes a budget calendar, budget directives, a timeline for budget preparation, budget consolidation, budget presentation and adoption of the tentative and final budgets each year.

[Board Policy 6300 \(Fiscal Management and Accounting\)](#) establishes procedures to assure that the District's fiscal management is in accordance with Title 5 Section 58311 of the California Code of Regulations, and therefore that adequate internal controls exist, that fiscal objectives, procedures and constraints are communicated to the Board and employees, that adjustments to the budget are made in a timely manner, that the management information system provides accurate and reliable fiscal information, and that responsibility and accountability for fiscal management are clearly delineated.

[Administrative Procedure 6300 \(General Accounting\)](#) defines the functions of the District Accounting Office under the direction of the Vice Chancellor for Finance and Administrative Services, outlines the responsibilities of employees in providing internal controls, and describes procedures and controls for accounts receivables, student loans, grants, cash disbursement and cash receipts.

[Board Policy 6320 \(Investments\)](#) ensures that the District investments are in accordance with law, including California Government Code Sections 53600. This policy applies to all funds under the day-to-day control of the District with the exception of funds invested as part of the Other Post-Employment Benefits (OPEB) program.

[Administrative Procedure 6320 \(Investments\)](#) directs the Vice Chancellor of Finance and Administration to invest funds in a manner providing the highest investment return, given security considerations, while meeting the daily cash flow needs of the District and conforming to all applicable federal, California, and local laws governing the investment of public funds. This administrative procedure applies to all funds, with the exception of funds invested as part of the OPEB program.

Self Evaluation

The College meets this Standard. Berkeley City College has clearly defined guidelines for financial planning and budgeting and a well-established participatory process for involving

all of the College's key constituencies in the budget development process. It also has an established annual institutional planning and budgeting cycle that is implemented through the BCC shared governance structure within the larger framework of the District's annual planning and budgeting efforts and guidelines.

The districtwide integrated planning process and participatory governance structure ensures that all constituencies are represented throughout these concurrent budget development and planning processes. Financial planning and budget development at both the College and District take place in strict adherence to the District's clearly articulated written policies and procedures.

Actionable Improvement Plan

None.

III. D.2. To assure financial integrity of the institution and responsible use of financial resources, the financial management system has appropriate control mechanisms and widely disseminates dependable and timely information for sound financial decision making.

Descriptive Summary

Berkeley City College and the Peralta Community College District place high value on financial integrity and the responsible use of resources. The District takes primary responsibility for oversight and policy in this area, maintaining an integrated financial management system and, therefore, internal controls and processes for the management of fiscal resources exist at both the College and District level. In addition, both the College and the District disseminate dependable and timely information for sound financial decision making.

College level Controls and Processes for Financial Resource Management

The BCC Business and Administrative Services Division has primary responsibility for the day-to-day management of the College's budget. The Director of Business and Administrative Services works closely with the College President and administrative leadership team to administer and monitor the annual budget approved through the College's shared governance process. The Director of Business and Administrative Services also serves as the liaison with the District for financial matters, making sure that all college level financial management operations are in compliance with District financial policies and procedures.

BCC has specific mechanisms in place for budgetary control and for the dissemination of budgetary information. For example, the Business and Administrative Services Division must approve all entries to the College's financial ledger. There are also controls in place for purchasing and the districtwide PeopleSoft/PROMT financial management system prevents

pending where funds are not available. To protect the financial integrity of the institution and promote responsible use of resources, the PeopleSoft/PROMT system has built-in mechanisms, such as user IDs and passwords, which allow system access at the appropriate security level, thus limiting the data to particular users who have access. Some users may be granted query access only, so that they can review but not change the data.

Financial statements are also produced from the PeopleSoft system to support all of the College's funds and provide auditable records for all financial resources. In addition, in order to encourage sound financial decision making and adherence to budget, the BCC Director of Business and Administrative Services distributes a monthly budget report to the BCC administrative leadership team. These reports are then reviewed on a regular basis during the President's Cabinet meetings and adjustments to the budget are made, as necessary. These data-driven reports form the basis for ongoing discussion and decision-making about the allocation of financial resources at the College.

It is the responsibility of the administrators/cost center managers to monitor their assigned budgets to track budgetary expenditures and make sure that funds are being spent as planned, in compliance with the strategic plan and any contractual requirements, if applicable.

In addition to the monthly report, both administrators and managers can get current financial information on their assigned budget(s) through the PeopleSoft/PROMT system, the districtwide financial management system, which stores both College and District financial data. A select number of classified staff members with the main responsibility for human resources and financial resources also have access to budget information through the online PeopleSoft/PROMT system.

With so many concurrent planning activities, such as the Education Master Plan update, Technology Plan update, Student Equity Plan, and SSSP, as well as the pending acquisition of a new building, consistent and timely communication is essential. For this reason, BCC will enhance communications about budget development and spending calendars to make sure that all constituencies are fully informed about the planning and budgeting process and implement any required purchasing and procurement, according to College and District budgetary timelines and District procedures. Although information about budget development timelines is currently placed on the College and District websites and distributed to all BCC cost managers, BCC will continue to strengthen this process in order to distribute communications about expenditure guidelines and timelines effectively to faculty and staff, to help them take timely action on their budgets.

It is the responsibility of the administrators and managers to communicate to relevant faculty and staff about the availability of funds within their assigned budget(s) and about purchasing and hiring deadlines. When hiring specific personnel, an individual manager or administrator is responsible to review the position to make sure that it not only fits with the College's MVV and goals, but that it falls within the approved annual budget developed through the program review/APU and shared governance processes. The College's Director of Business and Administrative Services and the College President must both then approve it, providing an additional layer of checks and balances and budgetary oversight and control.

The College's administrators review their budgets regularly during the course of the fiscal year. If there are any changes to permanent positions after the final budget is loaded, those additions or deletions can only be made upon submission of an Electronic Personnel Action Form by the appropriate administrator. The form is reviewed by the manager's immediate supervisor and approved by the College President before transmission to the District Office of Human Resources and District Payroll. As mentioned previously, the purchasing and procurement system has controls that preclude charges to accounts that have insufficient funds. The purchasing approval process requires several levels of approval. Approval is required from the manager of a unit, the College Business Manager, and the District Director of Purchasing. These safeguards protect the College from unauthorized or inappropriate use of funds.

Through these various controls, the College is engaged in an ongoing self-monitoring process in relation to its financial resources. This process fosters prudent fiscal management and ensures that the College meets its stated institutional goal of keeping annual spending within the approved budget parameters and in alignment with BCC's Mission, Vision, and Values.

District Level Policies, Processes, and Controls for Financial Resource Management

The District Planning and Budgeting Council regularly reviews and discusses financial documents. The District Office of Finance must approve all inter-fund transfers. The District's [Internal Auditor](#) performs regular audits of procurement, as well as routine checks on processes that involve handling of cash. For additional assurance, an external auditor annually audits internal controls to ascertain compliance with generally accepted accounting principles.

The District utilizes the PeopleSoft/PROMT system, which integrates data from Student Services, Human Resources, Payroll, Finance and Financial Aid modules. This system is used to record and update financial transactions continually and thus provides accurate up-to-date accounting information. It is used to record journal entries, accounts payable, accounts receivable, revenues, payroll, grants, and purchase requisitions, as well as budget information. The system produces various reports and queries on demand, including financial and budget reports, which can be used at both the District and College to monitor spending, planning, and making informed financial decisions.

Self Evaluation

The College meets this Standard. The financial management system has appropriate control mechanisms and generates dependable and timely information for sound financial decision-making. Internal controls are maintained at both the College and District level.

Actionable Improvement Plan

While the College meets this Standard, it will expand its mechanisms for publicizing and widely distributing a budgeting calendar that clarifies expenditures and deadlines for

spending, based on funding streams from the District and College.

III. D.2.a. Financial documents, including the budget and independent audit, have a high degree of credibility and accuracy, and reflect appropriate allocation and use of financial resources to support student learning programs and services.

Descriptive Summary

The District has primary responsibility for the districtwide budget and the independent audit. Financial documents, however, are generated at both the District and College, as part of an integrated districtwide planning and budgeting process. Due to this comprehensive planning process, financial documents at both the College and District have a high degree of credibility and accuracy. Likewise, the budgets of both the College and District reflect the appropriate allocation and use of resources to support student learning programs and services.

College Financial Documents and Resource Allocation Practices

BCC's budget and its financial report accurately reflect the budgetary priorities set by the College through its integrated planning and budgeting process and document the appropriate allocation and use of these funds to achieve the institution's identified goals and objectives.

BCC builds its budget based on the allocations made to the College through the District's BAM, as well as on other grants and categorical funds from state, federal, and other granting agencies. In preparing the budget, the College loads full-time faculty salaries and benefits first and uses shared governance committees' recommendations, based upon program reviews or APUs, to allocate discretionary funding for purchasing supplies and equipment and funding other expenditures.

The program reviews and APUs both rely on the College's Mission, Vision, and Values, as well as annual College goals and data concerning student achievement and learning outcomes, and require requests to be linked with specific funding sources within the College budget. In this way, mission-based College priorities, as identified through the shared governance process, drive financial planning.

District Financial Documents and Resource Allocation Practices

The District regularly prepares financial reports throughout the fiscal year, which include the tentative budget, a mid-year report and the final adopted budget. These reports are reviewed by the Planning and Budgeting Council (PBC) and presented to the Board of Trustees. Copies are distributed electronically to the PBC and Board of Trustees and posted online on the District website under District Offices/[Business Services](#).

The allocation of resources to support student learning programs and services is guided by the College's Education Master Plan, the District Strategic Plan, comprehensive program reviews, and annual program update documents. Resource allocations are distributed based

upon base budgets and established allocation processes articulated in the [Budget Allocation Model \(BAM\)](#) and [Administrative Procedures AP 6200 \(Budget Management\)](#) and [AP 6300 \(General Accounting\)](#).

The District prepares numerous financial documents, all of which are created in a timely manner, broadly distributed, and used for evaluative purposes. Financial documents include but are not limited to an annual financial audit report, 311A (Annual Financial and Budget Report), annual external audits, monthly updates to the Board of Trustees, and monthly budget status reports. As required by California Education Code, the State Budget and Accounting Manual, and [Board Policy 6400 \(Audits\)](#) the integrity of financial operations is ensured by an annual audit that is performed by independent Certified Public Accountants (CPAs) who possess the qualifications and credentials required by the State of California and are experienced with auditing California community colleges. The audits are conducted in a manner that complies with Education Code and state regulations, the Federal Single Audit Act and OMB A-133, applicable requirements and standards set forth by the California Department of Finance, and guidelines published by the American Institute of Certified Public Accountants.

The June 30, 2013 fiscal year end audit was completed in a timely manner and submitted to the State Chancellor's Office within the statutory timeframe required. The audit was performed on all financial records of the District, which include all District funds, student financial aid, bookstore records, Associated Students trust funds, other post-retirement funds (OPEB), capital outlay bonds, and Measure B parcel tax. As noted on page 81 of the [audit report](#), the District received an unmodified (unqualified) audit opinion in relation to its financial statements and received a qualified audit opinion related to federal and state compliance. An unmodified (unqualified) audit opinion indicates that the District's financial statements and records are free from material errors and are maintained within generally accepted accounting standards.

The Vice Chancellor of Finance prepares a management report in response to the annual audit that includes actions taken or planned in response to the auditor's findings and recommendations. Recommendations made by the auditors are either fully implemented or considered completed, or if they are not, an explanation is provided with a plan of action to remedy the situation. The District utilizes a [Corrective Action Matrix \(CAM\)](#), to track and monitor progress towards resolving all audit findings. The CAM includes responsible parties, a timeline, and action plans for remedying the situation. Typically, the major types of audit findings are of three types: 1) financial accounting and reporting, 2) non-compliance with Federal Single Audit requirements, and 3) non-compliance with state program laws and regulations. Table 59 provides an overview of the number and types of findings reported with the last three [financial reports for 2013](#), [2012](#) and [2011](#).

Table 59

Peralta Community College District:
Types and Classification of Audit Findings – Three-Year History

Type of Audit Finding	2010-11	2011-12	2012-13
Financial Accounting and Reporting	12	0	3
Single Audit	7	4	6
State Compliance	4	4	5
Total Audit	23	8	14
Classification of Audit Finding			
Material Weaknesses	5	0	2
Significant Deficiencies	18	8	12
Total Audit	23	8	14*

Source: PCCD Finance Office

*BCC had no audit findings in 2012-2013.

The 2013-14 Auditor’s Report identified certain deficiencies in internal controls that are considered to be material weaknesses and significant deficiencies. A deficiency in internal controls exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies in internal control such that there is a reasonable possibility that a material misstatement of the District’s financial statements will not be prevented or detected and corrected on a timely basis. Two findings (2013-1 and 2013-2), described in the accompanying CAM, were determined to be material weaknesses. They have, however, been resolved. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness yet important enough to merit attention by those charged with governance. One finding (2013-3), described in the accompanying CAM, was determined to be a significant deficiency. It has also been resolved.

In total, there were fourteen findings in the 2013-14 Auditor’s Report identified as deficiencies. It should be noted that all of the [corrective actions](#) for the findings have been or are projected to be fully implemented by December 31, 2014. The District’s annual audit report for the fiscal year ending June 30, 2014 will be publicly available in December 2014. At that time the Vice Chancellor of Finance will reassess achievements in relation to the audit report and develop corrective actions for any new findings, if necessary.

Self Evaluation

The College meets this Standard. Through established processes the College and the District are able to assure financial integrity of the institution and responsible use of resources to support student learning programs and services. Board policies and administrative procedures establish and ensure that fiscal controls are present.

The annual audit report, which includes audits of OPEB funds, capital outlay bonds, and the Measure B Parcel Tax, is presented to the Board of Trustees and placed on the District website. Audit findings are supported by recommendations from the external auditor, and the District responds to them in the form of an action plan that documents how they will be resolved.

The PeopleSoft/PROMT system and monthly financial reports are available via the District website to provide interested stakeholders with timely and accurate financial information. This information is also readily available and shared with the District Planning and Budgeting Council (PBC), a participatory governance committee, on a regular basis.

Actionable Improvement Plan

None.

III.D.2.b. Institutional responses to external audit findings are comprehensive, timely, and communicated appropriately.

Descriptive Summary

Institutional responses to external audit findings are comprehensive, timely, and broadly disseminated. The District has primary responsibility for organizing external audits for both the District and its individual colleges, including BCC. Each college is then responsible for responding to the external audit finding in a comprehensive and timely manner.

College Response to External Audit

BCC had no audit findings in the most recently completed audit (2012-13). In the past, when it has had external audit findings, it has responded promptly and taken timely and appropriate action to address the deficiency and make any required corrections. For example, when Financial Aid had an audit finding, the College, with the District's support, hired additional professionals with expertise in this area. The team examined the policies and practices at the federal, district, and college levels, identified the deficiencies, and made corrections. Since 2012, BCC's Financial Aid component has had no audit findings.

District Response to External Audit

The District has an established process for responding to external audit findings. All audit findings are first reviewed in an exit conference attended by the audit firm, the District Vice Chancellor of Finance, accounting and finance staff and, depending on the significance of audit findings in any college operational area, the appropriate college staff.

The complete audit report is then presented to the Governing Board annually, as soon as it is available. The findings from the District's most recent external audit report, for example, were compiled in the 2012-13 [annual audit report](#), which was [presented to the Board of](#)

[Trustees by the independent auditor on January 21, 2014](#) and subsequently placed on the District website for information and access by all employees and the public.

Through the audit report, the Board is made aware of any audit findings and recommendations provided by the auditors, along with the administration's response to each finding and the management report. The Vice Chancellor of Finance assembles all findings and draft responses and is responsible for the creation of the management responses, which are incorporated into the completed audit report.

The administration's response to each finding includes actions taken and/or planned in response to the auditor's findings and recommendations. Either recommendations made by the auditors are fully implemented (completed) or, if not, an explanation is provided by management. Each annual audit report also includes the previous year's audit findings and recommendations, along with a summary of [corrective action](#), responsible parties and timelines for completion, if appropriate.

Annual audit reports and the corrective action matrix are regularly presented to the Planning and Budgeting Council (PBC), a component of the District's participatory governance structure, and the Chancellor's Cabinet. In 2014, the PBC first reviewed and discussed the 2012-13 audit report during its [January 31, 2014 meeting](#). District financial information, including annual audit reports, is published regularly, and copies of these documents made public online. They can be found at the webpage for [District Offices/Business Services](#).

Self Evaluation

The College meets this Standard. The District's financial audits are publicly available and reported and reviewed at regularly scheduled Board meetings, participatory governance meetings, and staff and management meetings. If audit findings are identified, the College and the District take timely and appropriate action to implement corrective actions in order to address identified deficiencies. Communication regarding financial planning, budgeting, and annual audits is extensive and information is widely available for public review.

Actionable Improvement Plan

None

III.D.2.c. Appropriate financial information is provided throughout the institution, in a timely manner.

Descriptive Summary

The College and the District share responsibility for communicating financial information, as appropriate, to their various stakeholders. All financial information, both at the College and the District level, is distributed in a timely manner to the appropriate constituencies. In

addition, both the College and the District use the same online PeopleSoft system to manage and monitor all financial activities according to District protocols.

College Dissemination of Financial Information

BCC uses fund accounting to report on its financial position and the result of its operations. This method of accounting is designed to demonstrate legal compliance with and to aid financial management by segregating transactions related to certain activities. BCC's resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled.

Accordingly, BCC disseminates appropriate financial information to the community in a timely manner throughout the year, through a variety of communication methods. For example, financial information is made available at the College's shared governance meetings, including the College Roundtable for Planning and Budgeting, the Department Chairs' Council, and the Facilities, Technology, and Education Committees. In addition, information about the integrated planning and budgeting process is available through the College and District websites.

Monthly budget reports are distributed to all College cost center managers and these reports are reviewed by the College's administrative team in the President's Cabinet meetings, to ensure that funds are being used according to plan (and in compliance with contractual requirements) to support institutional objectives for student learning.

In addition, administrators/cost center managers, and select classified staff with financial and human resources responsibilities are able to access BCC financial information through the District's online PeopleSoft/PROMT system. This allows them to monitor their budgets, run financial reports, and integrate accurate financial information for program and institutional planning.

District Dissemination of Financial Information

The District uses the PeopleSoft system for financial management. The system is used to record and monitor functions and activities related to student financial information, financial aid, position control, payroll, grants, and human resources.

In the PeopleSoft Finance module of PROMT, revenues and expenditures are accounted for separately. Expenditures are recorded through the requisition and procurement processes in which orders go through approval, beginning with the college level division administrator, then moving to the College Business Office and the District Office of Finance and Administrative Services. Similar processes are followed for expediting budget transfer, expenses reimbursements, independent contracts, and petty cash.

Position control is separately maintained in a way that gives very limited access to campus staff. Each manager has access to the accounts, both restricted and unrestricted, for which he or she is responsible, with the option to either view the PeopleSoft screens or run various

reports. These records are reliable and accurate and provide timely information to appropriate end users.

Information concerning the state of the California economy, state tax revenues and projections for community college budgets and the District budget are broadly disseminated by the District Vice Chancellor of Finance and by constituent leaders throughout the District. Such timely information is communicated via e-mail distribution groups for the participatory governance committees (e.g., PBC@peralta.edu or DEC@peralta.edu) via employee e-mail distribution lists (e.g., Managers@peralta.edu or [BCC- FAS@peralta.edu](mailto:BCC-FAS@peralta.edu)), and posted online on the District web site under the “planning and budgeting integration” tab. Additionally, the [Vice Chancellor of Finance provides separate presentations](#) at District Board meetings on professional development days and during the [PBIM Summit](#).

The [CCFS 311 quarterly report](#) is shared and discussed at the Chancellor’s Cabinet and the Planning and Budgeting Council. The Board of Trustees also receives the CCFS 311 reports and further receives monthly reports as part of the regular Board agenda on approval of any fund transfer, approval of additional revenues, approval of grants, approval of purchase orders, and approval of consultant contracts. Trustees carefully review all agenda items for budgetary impacts. The [Tentative Budget](#) and the [Final Budget](#) are presented annually in two meetings (June and September respectively).

Self Evaluation

The College meets this Standard. The financial management system provides robust timely information on the current budget as well as prior year budget. Financial information is disseminated in a timely manner and readily available throughout the institution.

Actionable Improvement Plan

None

III.D.2.d. All financial resources, including short- and long-term debt instruments (such as bonds and Certificates of Participation), auxiliary activities, fund-raising efforts, and grants, are used with integrity in a manner consistent with the intended purpose of the funding source.

Descriptive Summary

BCC and the District have strict protocols regarding fiscal management and compliance, which ensure that all financial resources are used in a manner that is consistent with the intended purpose of the funding. The District maintains primary responsibility for setting written policies and protocols for fiscal management and compliance and these functions are monitored at both the District and College level.

College Level Use of Funds and Compliance Measures

The College uses its financial resources with integrity and in a manner that is consistent with the intended purpose of the funding. For example, BCC utilized BSI funds to support counseling, tutoring, and curriculum improvement for basic skills students. It also used TRiO funds to support first-generation college students from economically disadvantaged backgrounds, providing them with tutoring, counseling, and study skills development to help them reach their educational goals.

In another example, the BCC President's Circle raises funds for various programs and services at the College. At each fundraising event donors are invited to choose among a menu of funding options and designate in which area they would like to see their donations used.

At BCC, the budget is ultimately under the authority of the College President. The BCC Business and Administrative Services Office oversees and administers most of the finances in the college. This oversight includes compliance with federal, state and local reporting and accounting requirements. Instructional services and student services departments oversee their own budgets. The Director of Student Activities and Campus Life completes accounting for the Associated Students of Berkeley City College (ASBCC), in conjunction with the Vice President of Student Services. Special projects are under the purview of the assigned administrator/cost center manager and reviewed by either the Vice President of Instruction or the Vice President of Student Services and the Business and Administrative Services Office, for compliance. In addition, training is available for all BCC administrators/cost center managers in producing and understanding reports from the District's PeopleSoft system.

BCC also has extensive experience managing large multi-year federal, state, regional, local, and private grants, and using these grant funds in compliance with the intended purposes of the funding sources. The Student Services Division and Office of Instruction share management of these many important resources. Student Services Division grants are overseen by the Vice President of Student Services and assigned project faculty and staff, who work together to manage and report on these restricted funds and make sure that the funds are used in compliance with the terms of the grant contracts or funding agency requirements and regulations. Office of Instruction grants are primarily managed by the College's Office of Special Projects to ensure compliance with grant objectives and deliverables, fiscal management, and procurement and contract regulations.

Finally, the College's Financial Aid department manages and awards all student financial aid and loans in compliance with federal guidelines and District protocol. The BCC Financial Aid Program Supervisor oversees an annual in-house audit of all financial aid files to make sure that all financial aid awards have been disbursed properly, in compliance with government regulations.

District Level Use of Funds and Compliance Measures

Within the Peralta Community College District, all financial resources, including short and

long-term debt instruments, auxiliary activities, fund-raising efforts, and grants, are used with integrity in a manner consistent with the intended purpose of the funding source. In accordance with the state-approved Budget and Accounting Manual, the District has established a fund-based accounting system. A description of the District fund-based accounting system is included in the [annual budget](#) and in the introduction to Standard III.D of this report.

Financial statements are produced from the PeopleSoft system to support all funds and other accounts in order to ensure integrity of information and to provide auditable records for all financial resources. College administrators have access to the tools and reports that allow managers the ability to practice effective oversight of budgets. The District Office of Finance monitors all college funds on an ongoing basis and recommends any needed adjustments to departments, divisions, college administrators, and participatory governance committees.

College Business Office Managers approve purchase requisitions and changes to individual budgets. Purchase requisitions flow through the Business Office for review to ensure that there is an available budget and that the expenditures meet relevant requirements. This allows corrections or adjustments to be made prior to actual expenditures. All contracts must be reviewed by the area manager, College President, General Counsel, and Vice Chancellor of Finance and Administration. [Board Policy 6340 \(Contracts\)](#) and [Administrative Procedure 6340 \(Contract\)](#) set forth the requirements, procedures, and controls for processing contracts.

Grant applications are reviewed and approved prior to submission to ensure that the grants align with the mission of the relevant department and the College and support the College and District Missions, Strategic Goals, and Institutional Objectives. The Chancellor and the Vice Chancellor of Finance and Administrative Services approve all grant applications prior to submission. Grants and categorical funds are monitored by principal investigators, grant accountants, and associate vice chancellors or vice chancellors. Quarterly and annual categorical and grant reports are prepared collaboratively between the College department and the District Finance Office prior to being submitted to the Vice Chancellor of Finance and Administrative Services for approval and signature. Each federal, state, or private grant is supported by the PeopleSoft accounting system to ensure that records are maintained to meet all reporting requirements and grant conditions.

As required by [Board Policy 6400 \(Audits\)](#) the District undergoes annual audits on its financial records, including financial statements, internal control procedures, and compliance with state and federal requirements. The June 30, 2013 fiscal year end audit was completed in a timely manner and submitted to the State Chancellor's Office within the statutory timeframe required by the state's Budget and Accounting Manual and Title 5 Section 58305 of the California Code of Regulations. The annual audits include review of institutional investments and assets, financial aid grants, and all auxiliary, capital outlay, capital bond funds, parcel tax, and foundations funds. [Board Policy 6320 \(Investments\)](#) ensures that the funds of the District that are invested are not required for the immediate needs of the District and are in accordance with law, including California Government Code Section 53600. Debt repayment obligations are reviewed on an ongoing basis and planned and budgeted for as part of the College's annual budget development process. All debts are accounted for and

reported within the District's annual financial statements and audited as part of the annual audit report.

The District's voters passed a facilities bond measure (Measure A) and a parcel tax (Measure B) to support and strengthen core instructional programs. Each of these voter approved programs is established within the fund-based accounting system to segregate income and expenditure records and provide suitable financial statements. Annual performance and financial audit reports are conducted on these funds to ensure that they are being correctly reported and accounted and that the funds are being spent on projects that meet the requirements of the bond language, as voted for by the constituencies. [Measure A](#), a capital improvement bond totaling \$390 million, was passed by voters in 2006.

The bonds are required to meet all of the obligations of a Proposition 39 bond measure, including the establishment of a [Citizen's Bond Oversight Committee](#). The seven members of the Citizen's Oversight Committee are charged with receiving reports on the use of bond funds and ensuring that funds are spent in accordance with bond language. [Board Policy 6740 \(Citizen's Oversight Committee\)](#) prescribes the formation of the committee and [Administrative Procedure 6740 \(Citizen's Bond Oversight Committee\)](#) details the membership, purpose, and operation of oversight committees.

Integrity of funds is ensured through the PeopleSoft accounting system. The financial aid office at each campus uses PeopleSoft systems to process and administer financial aid. Students submit required financial aid documentation to the College's financial aid office. At each college, financial aid staff members review student financial aid files, determine student eligibility, and package, award, and disburse financial aid to students. Eligible students are disbursed financial aid twice a semester through a third party debit card service (Higher One). All state and federal funds that are awarded and disbursed are reported to state and federal systems within the required timeframe. The financial aid supervisors at the colleges complete required data reporting as mandated by state and federal regulations. Each college financial aid supervisor also ensures that his/her financial aid department is following proper processes and maintains compliance within federal and state guidelines.

The District Financial Aid Office has created a [financial aid policies and procedures manual](#) that has been disseminated to each of the four colleges in the District. The District Director of Financial Aid works with all the campus financial aid supervisors to update the manual every award year. The College financial aid supervisor is responsible for ensuring that all financial aid staff are trained and informed of changes to the policies and procedures manual as well as any federal and state updates. The financial aid supervisors attend annual federal and state financial aid conferences to stay up-to date with regulations. The District Director also meets with the financial aid supervisors on a monthly basis to ensure that guidelines are being met and the required work is completed.

The District directly purchases insurance policies and participates in joint self-funded programs with other school and community college districts to meet all anticipated risks and liabilities.

The following list provides a recap of coverage provided through insurance policies and joint self-funded programs:

- Property Program - protects members from the risk of direct physical loss or damage to property (real and personal), boiler and machinery, cyber losses, and electronic data processing losses.
- Liability Program - provides defense and indemnification for third party claims for damages arising out of bodily injury or property damage for up to \$50 M with a \$25,000 self-insured retention. The Liability Program includes General Liability, Auto Liability, Employment Practice Liability, Errors and Omissions, Libel/Slander/Defamation, Violation of Civil Rights, Professional Negligence, Sexual Molestation, and a reimbursement benefit for the summoning of emergency assistance (911 calls) up to \$2500 per incident.
- Cyber-Liability - provides property and liability coverage (subject to the terms, conditions and exclusions of the Cyber policy) for cyber losses including loss of confidential records. This insurance covers such losses as Crisis Management Costs, including Customer Notification, Support and Credit Monitoring Expenses; Forensic Analysis; Privacy Regulatory Defense and Penalties; Data Extortion; and PCI (Payment Card Industry) Fines.
- ASCIP Comprehensive Crime (Employee Dishonesty) which includes Employee Faithful Performance Blanket Bond; Premise Coverage; Transit Coverage; and Depositors Forgery Coverage.
- Automobile Physical Damage program will pay for loss to a covered automobile or its equipment under two coverage areas: Comprehensive Coverage (from any cause except the covered automobile's collision with another object) and Collision Coverage (caused by the covered automobiles' collision with another object).
- Workers' Compensation program not only provides members the mandated coverage for work related employee injuries, but also provides additional enhancements and services as well. Highlights of the program include coverage up to statutory limits and claims administration services for the life of the claim, regardless of the retention level selected. York Risk Services Group is the claim administrator. Ergonomic evaluations, specialized and mandated trainings, and consultation on safety-related matters are also provided.

District cash investments are governed under the California Government Code, which lists allowable investment instruments. The District transfers all tax receipts to the Alameda County Treasurer for safeguarding and investment. The County Treasurer provides monthly reports on District cash and investments. Local voter approved tax revenue is accounted for separately by the County Treasurer and reported to the District. As noted previously, the District has also transferred funds to the OPEB fund and contracts for investment management services in which this money is invested in a revocable trust fund outside of the District accounting system.

Self Evaluation

The College meets this Standard. Through established business practices, internal controls

ensure that financial transactions are appropriately reviewed and vetted. The Board is provided with all commitments entered into by the College and the District, as required by Education Code and Board Policy.

Actionable Improvement Plan

None.

III.D.2.e. The institution's internal control systems are evaluated and assessed for validity and effectiveness and the results of this assessment are used for improvement.

Descriptive Summary

The District has primary responsibility for evaluating and assessing internal controls districtwide, including evaluating and assessing internal controls at BCC. The College also takes responsibility for continually assessing its own internal control systems to monitor for validity and effectiveness and make any necessary changes for improvement.

College Level Monitoring of Institutional Internal Controls

In addition to the evaluation of financial controls initiated by the District, BCC maintains its own internal control systems, reviewing them for validity and effectiveness both throughout the year and as part of the program review/APU and participatory planning and budgeting process. College level controls include ongoing monitoring of the budget by the BCC Business and Administrative Services Office, the President and the President's Cabinet, and the College's administrators/cost center managers; College responses to external audit findings; internal College audits of critical areas such as financial aid; and regular reconciliation of all College fund accounts to ensure accuracy, compliance, and proper management. As part of this ongoing commitment to institutional self-monitoring, areas of improvement or focus are identified and adjustments made to College level practices as needed.

District Level Evaluation and Assessment of Internal Control Systems

The District employs an Internal Auditor to ensure the integrity of the District accounting system and to ensure that all funds are used in accordance with the intended purpose of the funding sources. Each internal audit report is used to improve operations, increase efficiencies, and promote effectiveness in serving students and the public. The following is a partial list of internal audit assignments completed over the past twelve months:

1. Performed a prioritized districtwide risk assessment of key business systems and developed an internal audit plan and strategy, based on the risk assessment results focusing on improving District's personnel's accountability and efficiency
2. Performed internal control evaluations of several key business systems (for example, procurement, Independent Contractor Contracts, pension reporting, time and effort

- reporting), and provided internal control recommendations
3. Introduced to staff and management the concept of self-assessments for regulatory compliance, accountability, and control in business processes
 4. Assisted the Finance Department in compiling and packaging business procedures manuals for accounting, time and effort reporting
 5. Provided best business practices and internal control advisories on an ongoing basis to Human Resources, Finance, Benefits, and Purchasing regarding compliance and internal controls in districtwide forums and meetings
 6. Provided ongoing internal control advisories and audit plans to assist the Purchasing Department in creating a best-value, cost-effective approach to procurement of services to ensure effective and optimal use of scarce resources
 7. Coordinated and provided a single point of contact for all external audits, including the current CalPERS Audit, District Annual Auditors, and IRS 1098T audits
 8. Developed a grants tracking database for the Grants departments to capture critical data for more efficient grants management
 9. Developed a best practices data security policy to be issued for the District

Under Education Code Section 85266.5, fiscal independence is granted to a college/district by the California Community College Board of Governors (CCCBOG) and is based on the recommendations of the County Office of Education and results of an audit of the college/district's internal controls by an independent Certified Public Accountant. When evaluating applications for fiscal independence, the CCCBOG assesses applicants based on four standards:

1. Adequate fund balances. The college/district has avoided deficit balances in its funds and has maintained a prudent reserve in its unrestricted general fund for the past five years.
2. Statute and Governing Board. The college/district makes only lawful and appropriate expenditures in carrying out the programs authorized by statute and by the governing board.
3. Adequate internal controls. The staff members of the accounting, budgeting, contracts, management information systems, internal audits, personnel, and procurement departments are adequate in numbers and skill level to administer administrative programs independent of detailed review by the county office of education and to provide an internal audit function that assures adequate internal controls.
4. Legality and propriety of transactions. The staff of the accounting, budgeting, contracts, management information systems, internal audits, personnel, and procurement departments exercises independent judgment to assure the legality and propriety of transactions.

As is explicit throughout these four standards, the Vice Chancellor of Finance and Administrative Services and the associated staff of the College and District provide the level of scrutiny called for under Education Code Section 85266.5. Also, the Internal Auditor enhances the internal control structure by providing an ad hoc independent review and periodic audits on a random basis.

A major aspect of the established internal control structure is the ability of authorized users to review budgets and other financial information pertaining to their areas of responsibility in a timely manner. College budget managers have access to PeopleSoft through PROMT. That system provides tools and reports to allow managers the ability to practice effective oversight of their budgets. The District Office of Finance and Administrative Services also monitors all college funds on an ongoing basis and recommends any needed adjustments to departments, divisions, participatory governance committees, and administrators. Checks and balances built into the District processes include document approvals at different levels and pre-approval of inter-fund transfer by both the College Business Manager and the District finance staff. There are routine checks on processes that involve cash-handling, materials fees and inventory control.

Self Evaluation

The College meets this Standard. The College and the District assess their internal controls on an ongoing basis and use the results of those assessments to revise procedures as needed. College financial resources are managed in accordance with appropriate procedures and used with integrity and in a manner consistent with the Mission, Vision, and Values and goals of the College.

Actionable Improvement Plan

None.

III.D.3. The institution has policies and procedures to ensure sound financial practices and financial stability.

Descriptive Summary

The College and the District have well-established policies and procedures to ensure sound financial practices and financial stability. The College and the District share responsibility in this area, following a series of written policies approved by the Board of Trustees.

College Fiscal Policies and Procedures

BCC abides by all of the policies and procedures for financial practices set forth in the Board policies and administrative procedures. In addition, the College strictly adheres to the California Education Code and Title 5 regulations. BCC has also implemented a system of checks and balances at the College to ensure sound financial practices and stability.

For example, when requisitions are received by the BCC Business and Administrative Services Office, the Director assesses the requisition to ensure that the appropriate accounting codes are being used, that the appropriate receipts and Board policies are attached, and that the expense has been approved by a cost center manager. Additionally,

spreadsheets are maintained to track personnel expenses as they are incurred in order to account the different payroll cycles. For example, the classified/certificated pay dates are at the end of the month, whereas student payroll is in the middle of the month (on the 15th). By keeping an internal spreadsheet, administrators/cost center managers can accurately monitor their personnel costs and manage their budgets accurately.

In addition, the College engages in a practice of regular self-evaluation of financial data and concurrent short-term and long-term planning initiatives; transparency and inclusiveness in the budgeting process through the shared governance structure; integration of financial planning into the annual planning and budgeting cycle; budget monitoring and oversight by multiple parties; timely responses and corrections in the case of external audit findings; regular review of different funding sources to ensure compliance with all regulations; and internal budget reconciliations and audits, which the College has instituted of its own accord to ensure sound fiscal management. This multi-faceted approach ensures that the College is constantly focused on positioning itself for financial stability and maximum effectiveness in order to use financial resources as strategically as possible to foster student learning.

District Fiscal Policies and Procedures

The PCCD Board of Trustees has developed multiple Board policies to ensure sound financial practices and administrative procedures that outline the practices to be followed. These policies and administrative procedures are reviewed and revised on a regular basis. The District strictly adheres to the California Education Code and to Title 5 regulations.

The following [Board Policies and Administrative Procedures](#) ensure sound financial practices and financial stability:

- [BP 6110](#) (Workers Compensation Settlement Authority) and [AP 6110](#) (Workers Compensation Settlement Authority)
- [AP 6100](#) (Delegation of Authority for Business Services)
- [BP 6150](#) (Designation of Authorized Signatures) and [AP 6150](#) (Designation of Authorized Signatures)
- [BP 6200](#) (Budget Preparation) and [AP 6200](#) (Budget Management)
- [BP 6300](#) (Fiscal Management and Accounting) and [AP 6300](#) (General Accounting)
- [BP 6320](#) (Investments) and [AP 6320](#) (Investments)
- [BP 6330](#) (Purchasing) and [AP 6330](#) (Purchasing)
- [BP 6340](#) (Contracts) and [AP 6340](#) (Contracts) and [AP 6350](#) (Contracts Construction)
- [AP 6365](#) (Accessibility of Information Technology)
- [AP 6385](#) (Refreshments Meals Served at Meetings)
- [BP 6400](#) (Audits) and [AP 6400](#) (Audits)
- [BP 6500](#) (Property Management) and [AP 6500](#) (Property Management)
- [BP 6550](#) (Disposal of Property) and [AP 6550](#) (Disposal of Property)
- [BP 6600](#) (Capital Construction) and [AP 6600](#) (Capital Construction)
- [BP 6620](#) (Naming of Buildings and Facilities) and [AP 6620](#) (Naming of Buildings and Facilities)

- [BP 6700](#) (Civic Center and Other Facilities) and [AP 6700](#) (Civic Center and Other Facilities Use)
- [BP 6740](#) (Citizen Oversight Committee) and [AP 6740](#) (Citizen Oversight Comm.)
- [AP 6801](#) (Transportation Safety)
- [AP 6802](#) (Injury Illness Prevention Hazardous Material Program)

Self Evaluation

The College meets this Standard. The College follows District policies and procedures that ensure sound financial practices and financial stability.

Actionable Improvement Plan

None.

III. D.3.a. The institution has sufficient cash flow and reserves to maintain stability and strategies for appropriate risk management, and develops contingency plans to meet financial emergencies and unforeseen occurrences.

Descriptive Summary

Both the College and the District have sufficient cash flows and reserves to maintain fiscal stability and meet financial emergencies and unforeseen occurrences. The District has primary responsibility for overseeing cash flow, reserves, and contingency planning for the entire District, including BCC. The District also handles all matters of managing risk management strategies.

College Level Fiscal Preparedness

While the District maintains primary responsibility in this area, BCC actively takes steps to strengthen its fiscal preparedness to take advantage of new opportunities and meet expected and unforeseen financial challenges. This is demonstrated in the College's proactive approach to securing restricted funds, above and beyond its annual allocation of state apportionment funds from the District. As discussed in the introduction to III.D.3, over the last six years, the College has increased its revenues from grants, bonds, fundraising, and new restricted state funding sources, which has allowed it to maintain services and even innovate during recent fluctuations in state funding.

District Level Fiscal Preparedness

The District has sufficient cash flow and reserves to maintain stability, strategies for appropriate risk management, and contingency plans to meet financial emergencies and unforeseen occurrences. The District ending fund balance provides for a reserve for economic uncertainty at a minimum of the five percent level recommended by the CCCBOG plus a contingency reserve for unforeseen occurrences. The following table shows the audited

General Fund ending balances over the past four years. (Table 60)

Table 60

District Schedule of Financial Trends and Analysis for the Year Ending June 30, 2013

	Actuals 2010-11	Actuals 2011-12	Actuals 2012-13	Budget 2013-14
Unrestricted General Fund				
Revenues*	\$112,425,309	\$104,769,229	\$107,394,573	\$111,171,357
Other Sources*	10,153,021	8,093,251	9,152,116	12,691,939
<i>Total Revenues and Other Sources</i>	<i>122,578,330</i>	<i>112,862,480</i>	<i>116,546,689</i>	<i>123,863,296</i>
Expenditures*	115,033,411	106,228,619	108,128,047	117,782,451
Other Uses and Transfers Out*	4,670,296	6,633,861	5,613,258	6,242,386
<i>Total Expenditures and Other Uses</i>	<i>119,703,707</i>	<i>112,862,480</i>	<i>113,741,305</i>	<i>124,024,837</i>
Increase (Decrease) in Fund Balance	2,874,623	-	2,805,384	(161,541)
Ending Fund Balance*	\$9,322,904	\$10,017,896	\$12,823,280	\$15,326,744
Available Reserves	\$9,322,904	\$10,017,896	\$12,823,280	\$15,326,744
Available Reserves as a Percentage of Total Outgo				7.79%
Long-term Debt**				\$665,464,696

Source: *From Budget Books; **From Audit Reports; **From State Certifications

While the recent economic conditions in the state have put a strain on the budget and cash flow, the District and its four colleges have been fiscally conservative in their forecasts to ensure appropriate cash flow. Fund balances are managed through careful budget preparation, continuous monitoring, and frequent updates to year-end balance projections. [Board Policy 6200 \(Budget Preparation\)](#) provides the framework for budget preparation, and [Administrative Procedures 6200 \(Budget Management\)](#) and [AP 6300 \(General Accounting\)](#) detail the practices and guidelines to be followed. These guidelines help the College maintain balances at levels deemed necessary to offset the risks associated with both anticipated state deferrals (both within and between years) and unanticipated emergencies.

The cash flow for each college in the District is closely monitored throughout the year and an annual cash flow analysis is conducted each year. This analysis is used to determine whether Tax Revenue Anticipation Notes short term borrowing will be needed to meet all expenditure requirements during the upcoming fiscal year.

When cash flow projections have predicted shortfall, the District has participated in Tax Revenue Anticipation Note (TRAN) programs in the past, which provide low interest, short-term borrowing against future tax revenues. However, no TRANs were sought or needed during the 2013-14 fiscal year, nor are they anticipated for the 2014-15 fiscal year. Active management of payments and receipts is also utilized throughout the year to maximize the availability of cash from payables and receivables. Combined, these efforts have provided the District and its four colleges with the necessary cash to meet all obligations.

The District calculates known liabilities for employee vacations, faculty banked

leave/overload and retiree health benefits (OPEB liabilities are described elsewhere in this report). Accumulated unpaid vacation benefits are accrued as a liability as the benefits are earned. The entire compensated absence liability is presorted on the [financial statements](#).

For government funds, the current portion of unpaid compensated absences is recognized upon the occurrence of relevant events such as employee resignations and retirements that occur prior to year end that have not yet been paid with expendable available resources. These amounts are reported in the fund from which the employees who have accumulated leave are paid.

The District also participates in “load banking” with eligible academic employees when the employee may teach extra courses in one period in exchange for time off in another period. Each employee accumulates sick leave without limit, based upon negotiated contracts. Leave with pay is provided when employees are absent for health reasons; however, the employees do not gain a vested right to accumulated sick leave. Employees are never paid for any sick leave balance at termination of employment or any other time although retirement credit for unused sick leave is applicable to all academic and classified employees. Therefore, the value of accumulated sick leave is not recognized as a liability in the District’s financial statements. These fiscally prudent actions result in a financial position which is projected to safeguard student learning and support services needs for the foreseeable future.

Self Evaluation

The College meets this Standard. The fiscally prudent actions described above result in a financial position that is projected to safeguard student learning and support services needs for the foreseeable future. Active management of payments and receipts is also utilized throughout the year to maximize the availability of cash from payables and receivables. Combined, these efforts have provided the College and the District the necessary cash to meet all obligations.

Actionable Improvement Plan

None.

III. D.3.b. The institution practices effective oversight of finances, including management of financial aid, grants, externally funded programs, contractual relationships, auxiliary organizations or foundations, and institutional investments and assets.

Descriptive Summary

The College and the District practice effective oversight of all financial resources. The College and the District share responsibility for this function.

College Oversight of Finances

BCC practices effective oversight of finances, including the management of financial aid, grants and externally funded programs (see Table 52), contractual relationships, auxiliary organizations (i.e., bookstore; vending machine company), and fundraising activities (President's Circle). BCC's Business and Administrative Services Office and administrators regularly assess processes, including allocation of resources, in order to evaluate, improve, and make necessary changes with the goal of meeting student needs and identifying and resolving problems before any major audit exceptions occur. Evaluation and improvement are critical to the effective operation of the institution, as resources are limited. Thus, efficiency and effectiveness are top priorities for the College.

BCC administrators and cost center managers (supervisors, directors, deans, vice presidents, and the President) regularly review and monitor expenditures pertaining to grants, awards, and contractual agreements, with the support of the College's Business and Administrative Services Office. These regular reviews ensure that the expenditures are consistent with the funding agency's mandates and the College's Mission, Vision and Values and goals.

Grant Compliance

Berkeley City College also has systems in place for monitoring grant compliance. BCC has extensive experience managing large multiyear federal, state, regional, local, and private grants, including contract and fiscal management. With respect to fiscal oversight and compliance, grant monies are secured in restricted funds within BCC's accounts. BCC's Business and Administrative Services Office provides monthly reports on grant spending to all BCC grant project managers, and up-to-date budget information is also available via the District online system. All purchases and hiring documentation for these particular projects are routed through a single cost center within the BCC Office of Special Projects, which reviews and, if appropriate, approves the expenditure of grant funds. Documentation is developed, updated, and retained to track purchases and expenditures made with grant funding. All equipment purchases made with this funding are inventoried and marked to ensure compliance with funding requirements. The BCC Office of Special Projects also collaborates closely with the BCC Office of Instruction and Student Services to produce required annual and quarterly federal, state, and private reports to grantors.

In addition to the College's own regularly conducted internal assessment of its finances, the required annual reporting to various funding agencies serves as another level of oversight. For example, during the preparation of annual financial reports for the state and the federal government, and Title III and TRiO Programs, required by the U.S. Department of Education, the College evaluates not only the accuracy of the reporting information, but also the effectiveness of its financial management processes. As part of the annual financial audit, random testing of financial transactions is performed to ensure that there is proper accounting for receipt and expenditure of funds on campus and to make sure that proper internal controls are in place for fiscal oversight.

Audit findings of significant deficiencies and/or instances of noncompliance are documented in the annual report to the District and to the College, if applicable. Since the last Accreditation Self Evaluation, BCC has made an aggressive effort to correct all audit findings. The progress made by the BCC Financial Aid Office serves as a model. During the budget reduction period between 2008-09 and 2009-10, due to a lack of human resources and IT support, BCC's financial aid operation was cited several times by the U.S. Department of Education and California Student Aid Commission. The District and College responded quickly and the College followed up extensively to ensure compliance with all applicable requirements and regulations. BCC's Financial Aid Office has not had any audit findings since 2011.

District Oversight of Finances

To ensure oversight of finances including financial aid, grants, externally funded programs, contractual relationships, foundations and investments, the District has a comprehensive and thorough [annual external audit](#), prepared in accordance with generally accepted accounting principles. As required by state law, the District retains an independent auditor that performs separate audits of Proposition 39 bond funds and investments annually. Part of the scope of the audit includes an evaluation and review of financial statements.

The Peralta Colleges Foundation (the Foundation) is a legally separate, 501(c)(3) tax-exempt organization and as such has its own audit each year by an independent auditor. The Foundation acts primarily as a fundraising organization to provide grants and scholarships to students and support to employees, programs, and departments of the District. Although the District does not control the timing or amount of receipts from the Foundation, the majority of resources or income that the Foundation holds and invests is restricted to the activities of the District by the request(s) of the donors. Because the amount of receipts from the Foundation is small in relation to the District as a whole, the Foundation is not considered a component unit of the District.

The District Financial Aid Office works in conjunction with the colleges and the Vice Chancellor of Finance and Administrative Services to ensure that appropriate procedures are in place and are adhered to. There is an oversight committee for the facilities bond, Measure A, and for the parcel tax, Measure B. The group meets regularly to review what is being spent with each of these sources of funding. The [Measure A agendas and meeting minutes](#) are available online.

The Vice Chancellor of Finance and Administrative Services manages institutional investments, using investment options as needed in order to earn additional revenue and interest. The Board of Trustees reviews those options on a regular basis. The ongoing assessment and evaluation of districtwide financial processes occurs through comprehensive program reviews (every three years), annual program updates, annual audits and related corrective action matrices for audit findings, categorical program and grant program reports which are submitted quarterly, productivity reports, and budget and expenditure reports and their analyses. Additionally, the College and the District also submit required [financial and](#)

[non-financial reports to the State Chancellor's Office and the Accrediting Commission for Community and Junior Colleges \(ACCJC\)](#). Many of these reports provide analyses of revenues and expenditures that demonstrate monitoring of fiscal conditions. Budget managers have access to and utilize the PeopleSoft/PROMT system to run reports covering burn rates, negative balances, and budget history in order to analyze trends and make budget adjustments.

The College and the District use a position control structure to build, monitor, and maintain personnel budgets for all funds. Through the use of position control, staffing needs are identified and analyzed in support of program review priorities and recommendations. Critical replacement positions flow up from the departments to the divisions where they are prioritized collegewide, based on the nature of the position, using specific criteria such as legal mandates, health and safety, threshold of educational and support services, essential operations, and the mission and goals of the college. Funding, using the position control model, is then allocated or reallocated.

The Board policies and District administrative procedures on budget development, budget management, accounting and fiscal monitoring, mentioned previously in this report, articulate and define the processes by which each of the Peralta colleges develops its annual fiscal year budget openly and transparently. The District's Integrated Planning and Budget Building Calendar sets the timeline for those actions.

Financial reviews are ongoing at various levels throughout the District, from college level departments and divisions to the President and to the District Office of Finance and Administrative Services. Student loan defaults as well as revenue streams and assets are appropriately monitored and audits performed by both external auditors and the internal auditor. The external auditor presents the audit results to the Board of Trustees each year. Copies of the audits and financial reports are available to all as they are posted on the District website. The oversight structure enforces consistent and uniform application of policies, procedures and accounting principles, emphasizing adherence to internal controls, thus ensuring compliance with federal, state, and local reporting requirements.

Self Evaluation

The College meets this Standard There is sufficient oversight at the College and the District to ensure proper management of all finances, including financial aid, grants and externally funded programs and auxiliary services.

Actionable Improvement Plan

None.

III D.3.c. The institution plans for and allocates appropriate resources for the payment of liabilities and future obligations, including Other Post-Employment Benefits (OPEB), compensated absences, and other employee related obligations.

Descriptive Summary

As part of the Peralta Community College District system, Berkeley City College works with the District to plan for and allocate appropriate resources for the payment of liabilities and future obligations. The District has the primary responsibility for overseeing these matters.

College Level Appropriation of Resources for Liabilities and Obligations

BCC works cooperatively with the District Office of Finance to address appropriation of resources for the payment of liabilities as part of the annual planning and budgeting process. The District takes the lead in this area and the College follows the District's counsel.

District Level Appropriation of Resources for Liabilities and Obligations

The Peralta Community College District addresses liabilities and obligations through its established districtwide planning and budgeting process. A review of both short-term and long-term liabilities is part of the annual budget building process. Information related to all liabilities is also part of the annual audit. All relevant information is presented to the Planning and Budgeting Council (PBC) and the Board of Trustees.

Additionally the District's Retirement Board closely monitors the OPEB liability. Other compensation-related obligations, such as employee vacation accrual, sick leave, and load banking are calculated annually. Expenses are recorded in the year they occur and adequate resources are set aside to cover the estimated long-term liabilities.

The District has addressed the OPEB liabilities to cover the medical insurance costs for retirees in accordance with negotiated contracts with the various bargaining units of the District. Employees hired on or before June 30, 2004 are eligible to receive benefits paid by the District for the duration of the employees' lives. Any employee hired after June 30, 2004 is eligible to receive medical benefits paid by the District until retirement.

Effective July 1, 2012, the District and the three collective bargaining units successfully negotiated numerous changes, including plan design changes, employee contributions, and the incorporation of a variable rate cap limiting the amount the District pays for medical and dental benefits. The plan design changes for medical plans introduced a mid-level self-funded medical plan which provides the same level of benefits as the District's self-funded plan, but exclusively utilizes the network provided by Anthem Blue Cross. The District continues to offer its traditional self-funded PPO plan which allows employees to see practitioners outside of the Anthem Blue Cross network, but employees now have to pay the premium difference between this mid-level plan (PPO lite) and the traditional PPO plan. The District continues to offer a Kaiser Permanente plan that is free to employees.

The District and the bargaining units also agreed upon the maximum contribution the District will pay for dental benefits. With the incorporation of these plan design changes, employee contribution, and the District paid cap, the annual savings to the District is approximately \$500,000. In addition to this annual savings, the District will also realize a long-term savings or reduction in long-term liability as reflected in the reduction of the actuarial determined OPEB liability.

PCCD developed an OPEB Substantive Plan in December 2012. This plan was recently revised/updated in September 2014 and contains several elements. The first element is the associated liabilities. These liabilities consist of the debt service associated with the bonds sold to fund the revocable trust, the six tranches of SWAP agreements, and lastly the actuarial study projecting the actuarial accrued liability directly related to the existing OPEB obligation. The second element is the restricted assets set aside to fund the ongoing expenses and liabilities within the OPEB program. The two assets within the program are the investments currently held in the revocable trust originating from the bond sale in 2005 and the OPEB reserve fund held in the Alameda County Treasurer's Office. The third element is the annual expenses incurred related to the operations of the OPEB program. These expenses are a result of fulfilling the OPEB obligations to existing retirees, setting aside funds to pay for future obligations for current employees when they retire, annual debt service payments associated with the bonds, operational expenses related to maintaining the trust, and periodic payments that are contractually required under the existing B-1 SWAP. The fourth element is the revenues that have been and will continue to be transferred into the revocable trust to fund the expenses and liabilities. These revenues include the OPEB charge that is now applied to all budgets that support positions eligible for OPEB, in addition to any appreciation in market value of the portfolio within the revocable trust.

Central to the long-term sustainability and funding of the OPEB program are the revenues (OPEB charge and Trust appreciation) to be able to support the annual expenses of the trust as well as to fund the Actuarial Accrued Liability (AAL). The District has appropriated additional resources to fund the gap between the OPEB Trust assets and the District's AAL (the OPEB Reserve Fund). The estimated balance in the OPEB Reserve, as of June 30, 2013, exceeds \$10,000,000. This amount is available to pay for any lawful expenditures of the District, including but not limited to SWAP Agreement termination payments, debt service on the 2005 Bonds, or Other Post-Employment Benefits. Although the OPEB Reserve Fund is available to pay for debt services on the bonds, the District continues to budget sufficient amounts from the General Fund to satisfy debt service obligations and related refunding.

Beginning in 2010-11, the District implemented an OPEB Charge to supplement funds available in the OPEB Trust to pay for Other Post-Employment Benefits. The OPEB Charge is a uniformly applied District-paid charge to all programs and is a function of the current Annual Required Contribution (ARC) calculated as a percentage of payroll for all OPEB eligible active employees. Based on the current actuarial study, the OPEB charge for 2014-15 is calculated to be 9.5%. The funds to which the OPEB Charge is applied each fiscal year are accounted for in the OPEB Reserve Fund. The District estimates that the OPEB Charge will, over the course of a 25-year period, result in approximately \$150 million of deposits to

the OPEB Trust, not including any interest earnings or appreciation through investments.

The District has made great strides over the last few years in addressing the issues and concerns raised by the Board and ACCJC about the long-term sustainability of the OPEB program. Two of the major achievements that ensure the long-term sustainability of the program are the debt service restructuring that occurred in 2011 and the implementation of the OPEB Charge. The debt service restructuring provided the District with budgetary relief of over \$29 million over a five-year period, and the OPEB Charge has created an ongoing and dedicated revenue stream that will, over time, fund the Actuarial Accrued Liability (AAL). Investments to date have been sound and are regularly reviewed. In the most recent [actuarial study](#), the OPEB AAL, Unfunded AAL (UAAL), and Annual Required Contribution (ARC) were identified as \$174,703,920, \$174,703,920 and \$11,228,305, respectively. The estimate of the current value of the assets held in the OPEB Trust is \$218,549,849.

Self Evaluation

The College meets this Standard. Appropriate resources exist for liabilities and future obligations, including Other Post-Employment Benefits (OPEB), compensated absences, and other employee related obligations, due to District planning and resource allocation.

Actionable Improvement Plan

None.

III. D.3.d. The actuarial plan to determine Other Post-Employment Benefits (OPEB) is prepared, as required by appropriate accounting standards.

Descriptive Summary

The Peralta Community College District takes primary responsibility for preparing the actuarial plan to determine Other Post-Employment Benefits (OPEB). The plan is prepared, as required, by appropriate accounting standards.

College Level Responsibilities Related to OPEB

BCC defers to the District in matters related to OPEB. The District has primary responsibility in this area.

District Level Responsibilities Related to OPEB

The District contracted with Total Compensation Systems, Inc. (TCS) to analyze liabilities associated with its current retiree health program (OPEB) on November 1, 2012. The report was prepared in compliance with GASB 43 and 45, which requires an actuarial study no less frequently than every two years. The actuarial report includes estimates for the District's retiree health program and results from a cash flow adequacy test, as required under Actuarial

Standard Practice 6 (ASOP 6). The cash flow adequacy testing covers a twenty-year period. The estimates, calculated separately for active employees and retirees, included the following:

- The total liability created (the actuarial present value of total projected benefits or APVTPB)
- The “ten year pay-as-you-go” cost to provide these benefits
- The Actuarial Accrued Liability (AAL)
- The amount necessary to amortize UAAL over a period of 30 years
- The annual contribution required to fund retiree benefits over the working lifetime of eligible employees (the “normal cost”)
- The Annual Required Contribution (ARC), which is the basis of calculating the annual OPEB cost and net OPEB obligation under GASB 43 and 45

TCS estimated the “pay-as-you-go” cost of providing health benefits for current retirees, beginning November 1, 2012, to be \$10,879,051. For current employees, the value of benefits accrued in the year beginning November 1, 2012 (the normal cost) is \$1,256,073. This normal cost would increase each year based on covered payroll. The AAL is \$174,703,920. Combining the normal cost with the UAAL amortization costs produces an ARC of \$11,228,305. This ARC is used as the basis for determining expenses and liabilities under GASB 43 and 45. Results of the Actuarial Study, dated March 1, 2013, were reviewed and presented to both the Board of Trustees and the Planning and Budgeting Council.

Self Evaluation

The College meets this Standard. The District has completed the actuarial plan and has determined the OPEB costs and ARC as required by appropriate accounting standards.

Actionable Improvement Plan

None.

III. D.3.e. On an annual basis, the institution assesses and allocates resources for the repayment of any locally incurred debt instruments that can affect the financial condition of the institution.

Descriptive Summary

The District works with the College to assess and allocate repayment of any locally incurred debt instruments that can affect the financial condition of the District or the College. The District maintains primary responsibility for this task.

College Role in Debt Assessment and Repayment

BCC plays a secondary role regarding debt repayment. If needed, the College would work closely with the District Office of Finance on any debt repayment strategies related directly

to the College.

District Level Responsibility for Debt Assessment and Repayment

On an annual basis, the institution assesses and allocates resources for the repayment of locally incurred debt instruments that can affect the financial condition of the institution. As part of the annual budget development process, all debt obligations are recognized and sufficient resources are allocated for the payment of the upcoming fiscal year's debt obligation. As noted previously, the District did not need to issue Tax Revenue anticipation Notes (TRANS) in 2013-14 or 2014-15. This significant improvement of the District's cash balances is the result of the passage of the local parcel tax, reduction in statewide deferrals, improved fiscal oversight, and adherence to established policies and procedures.

The College's and District's overall financial stability is currently characterized as stable and the District's management practices are considered good under Standard & Poor's Financial Management Assessment (FMA). Further, the District maintains a reserve range of over twelve percent.

The Vice Chancellor of Finance and Administrative Services reviews both short-term and long-term debt obligations and provides relevant information as part of the annual budget report to the Board of Trustees. Additionally, independent external auditors examine all debt obligations and related fiscal information as part of the [annual audit process](#).

Self Evaluation

The College meets this Standard. On an annual basis, the District assesses and allocates resources for the repayment of any locally incurred debt instruments that can affect its financial condition.

Actionable Improvement Plan

None.

III.D.3.f. Institutions monitor and manage student loan default rates, revenue streams, and assets to ensure compliance with federal requirements.

Descriptive Summary

The College and the District work together to monitor and manage student loan default rates, revenue streams, and assets to ensure compliance with federal requirements. The District has primary responsibility for ensuring compliance.

College Level Management of Student Loan Default Rates and Grant Compliance

Management of Student Loan Default Rates

At BCC, the College has college level systems in place for monitoring and managing student loan default rates. Student loans are under the purview of the BCC Financial Aid Office, which is supervised by the College's Vice President of Student Services.

BCC is committed to helping students understand their options for financing their college education and, if they decide to apply for a student loan, learning how to borrow responsibly. BCC financial aid specialists conduct more than 20 to 30 classroom visits at BCC and at local high schools to give students an overview of financial aid options. These sessions include information on student loans to help students understand the loan process and their obligation. The BCC Financial Aid Office publishes student loan information on the Financial Aid website, which is updated regularly as regulations change.

Prior to applying for a student loan, students must complete an online Financial Awareness counseling session offered through www.studentloans.gov. The College reviews each loan application to ensure that the College does not approve loans to at-risk borrowers. Every single loan application is reviewed carefully by a BCC financial aid specialist and evaluated according to the following criteria: past borrowing history, amount already borrowed, amount requested, and student-identified repayment rate.

Students who are considered at-risk borrowers or who are already carrying a very high debt load may be denied. Currently, BCC denies approximately five percent of the loan applications it receives each year. Applicants are informed of this decision by an individually tailored letter, outlining the reasons for the denial. Students whose loan applications are denied by BCC are allowed to petition the department and these requests are reviewed on a case-by-case basis. In some cases, the head of the College's Financial Aid Office may decide to approve the application, based on further information provided by the student. Each application is considered very seriously, as the College must balance its commitment to maximizing access to education for all students with protecting the institution and making sure it stays in compliance with federal financial aid regulations.

Once a student loan application has been accepted, BCC monitors the loan to ensure compliance. As part of this process, BCC conducts its communications with students online to familiarize them with online transactions, as the entire student loan application, communication, and disbursement process is now online. BCC's financial aid specialists help students navigate the system and answer questions about student loan disbursement and repayment. Through careful decision-making and constant monitoring, therefore, the BCC Financial Aid Office strives to minimize negative impacts on both the student and the institution.

BCC's current student loan default rate is 15.5%, which is within federal guidelines, and lower than the overall Peralta Community College District average of 19%. Furthermore,

between 2009 and 2011, BCC's three-year official cohort default rate decreased by more than 10 percentage points, from 25.8% for 2009 to 15.5% for 2011.

This positive trend in the reduction of student default rates is due to the stabilization of the College's Financial Aid Office over the last five years. In 2009, after a period of turnover, BCC hired a full-time Financial Aid Program Supervisor, who has been with the College now for five years. The Financial Aid Program Supervisor was able to hire and train full-time staff to meet the growing demand for financial aid that has accompanied the rise in BCC student enrollment during this period. In addition to general duties, each financial aid specialist has an area of expertise and focus (e.g., CalWORKs, student loans, etc.). This has allowed the College to more efficiently direct students to available sources of aid and also allow staff to focus on serving students. As a result, student loans applications now undergo far greater scrutiny and the College's loan application process has a series of checks and balances to help reduce student loan default.

Currently, BCC processes approximately 200 student loan applications per year. As the BCC student body continues to grow and the number of student borrowers potentially increases, the College will need to continue to refine and expand its student loan default prevention efforts. As part of its long-term student loan default prevention plan, BCC is working with the District to identify vendors to conduct targeted outreach to students at risk for default and work with them to avoid default.

Ultimately, BCC would like to bring its overall student loan default rate down to or below 10 percent, qualifying it for a release from federal financial aid disbursement restrictions. Currently, because BCC's three-year average student default rate is still above 10 percent, the Federal government specifies that BCC students must wait until 30 days after the start of class for disbursement of loan funds. By continually working to reduce its student loan default rate, the College can, therefore, improve both the delivery of services to students and institutional effectiveness.

District Level Management of Student Loan Default Rates and Revenue Source Compliance

In the Peralta Community College District, [Financial Aid services](#) are under the guidance of the District Director of Financial Aid and the Associate Vice Chancellor of Student Services. Types of processes vary for the various funds received and disbursed by the College and/or District.

All funds are reconciled as required by each state or federal funding source. The District's independent external auditors review federal and state-funded programs as part of the [annual audit](#).

Federal regulations and statutes contain many default prevention measures designed to ensure that students do not default on their Title IV loans. The default provisions contained in federal regulations and statutes may not specifically state that they are default prevention measures, but these provisions ensure that each student

- Knows he/she has a loan obligation and not a grant,
- Understands the terms of the loan and repayment obligation,
- Is properly notified as to when the repayment obligation begins,
- Receives required notices relative to the loan obligation, and
- Begins repayment at the proper time.

Financial Aid staff use the federal National Student Loan Database System and the Department of Education website to review student borrowers, identify students entering or in repayment as well as those in delinquent status, and contact them to provide information on resources to assist them in maintaining federal Title IV eligibility while successfully managing their loan repayment obligations. First, the requirements for the particular funding source (including Pell grants, EOPS and TRiO grants or student loans) are reviewed by both the College Business and Administrative Services Office and the District to determine and follow the processes required. The next step involves the actual drawdown of funds, which is completed by District staff.

For the past three years, the District's overall default rate was under 30 percent, which is within federal guidelines. The District Financial Aid Office is also working with third party vendors such as Great Lakes and Nelnet to acquire reports of students who are delinquent in loan repayment and are at risk of default. Additionally, the colleges are investigating offering financial literacy workshops as a default prevention tool that will be mandatory for all potential loan borrowers.

Overall, the District has been pleased with the default rates it has experienced in the past three years, since all colleges are within the 30 percent threshold set by the US Department of Education. In order to monitor revenue streams and assets, the College and the District staff at each college work closely together. If default rates were to exceed the 30 percent threshold, the institutional leadership team would form a collaborative default prevention committee that would create a comprehensive plan for the District and/or College and methods to apply this plan to reduce the default rate in the future.

Self Evaluation

The College meets this Standard. The District and College monitor and manage student loan default rates, revenue streams, and assets in order to comply with all federal and state mandates and regulations, through established processes and procedures and extensive use of internal control mechanisms.

Actionable Improvement Plan

None.

III. D.3.g. Contractual agreements with external entities are consistent with the mission and goals of the institution, governed by institutional policies, and contain appropriate provisions to maintain the integrity of the institution.

Descriptive Summary

BCC has primary responsibility for the management of all College-related contractual agreements with external entities. The District has secondary responsibility in this area, although some of its contractual agreements with external entities may benefit the College. At both the College and District level, contracts are consistent with the College and District Mission, Vision, and Values statements and institutional goals and contain appropriate provisions to maintain the integrity of the institution. The District also has established policies and procedures for awarding construction contracts, hiring consultants, and leasing equipment, and clear lines of authority in the approval process. The College complies with all District policies and procedures for awarding contracts.

College Level Management of Contractual Agreements

Contractual agreements at BCC consist of grants and awards, outside agency contracts for professional services, construction contracts, rental/lease agreements, consultant agreements, instructional service agreements, and contracts for information technology. When developing and/or updating a contract, the administrators of the originating areas review, revise, and approve the individual contract to ensure that it is consistent with the College's Mission, Vision, and Values statements and goals, as well as to assess the fiscal impact of the project. The final draft contract is submitted to the District's General Counsel, who identifies issues with regard to risk, termination, standards of conduct, and potential exposure for the College/District, thereby ensuring that all contractual legal requirements are met. The General Counsel provides suggestions for changes to the contracting department so that the originator of the contract can work with the contracting agency to make all necessary changes. Once a contract is finalized, it is then submitted for signatures of all parties.

Once that review is complete, if the contract is under the current dollar threshold, pursuant to the Public Contract Code 22002 and Board Policy 6340, it is sent to the College President for review and signature. If the contract is over the designated dollar threshold, it must be approved by the Board and is then signed by the District Vice Chancellor of Finance and Administrative Services. Contracts that have a fiscal impact between fiscal years are inputted into the financial accounting system in the appropriate fiscal year so that an automatic encumbrance of financial resources takes place.

Grant Contracts

Each grant proposal is discussed and reviewed through the College's shared governance process with the grant's originators, for vetting, feedback, and recommendations. Approved proposals must indicate how the proposed project and use of funds relates to the College's

Mission, Vision, and Values statements, Education Master Plan, and institutional goals and priorities.

Construction Contracts

New construction, renovations, and major alterations or repairs are coordinated by the College Director of Business and Administrative Services and the District Vice Chancellor of General Services according to priorities outlined in the College's planning documents, including the Education Master Plan, Facilities Plan, Technology Plan and the Annual Goals. All preliminary drawings and construction cost estimates are reviewed by the District Office of General Services before drawings and specifications are submitted to the California Community College Chancellor's Office and the State Department of General Services as required by statute.

Instructional Service Agreements—Contract Education

Contract education is dedicated to meeting the needs of local K-12 partners (businesses and economic development entities) in order to facilitate K-12 students' opportunities to receive a college education and/or to provide economic and workforce development to the BCC service area. Contracts include terms of instruction as well as terms and conditions for cancellation and termination of the arrangement. Instructors must meet existing District hiring standards and be approved by the District Board of Trustees. The Office of Instruction performs research to ensure that all programs meet state regulations. In the absence of state regulations, industry association standards are utilized. All contract education agreements are coordinated and reviewed by the District Office of Education Services and General Counsel, and approved by the College President.

Independent Contractor Agreements for Professional Services

The President is delegated the authority to sign a contract as an enforceable obligation on behalf of the College, e.g., annual lease of parking structure, Securitas. For services of \$83,400 or more, Board of Trustees approval must be obtained prior to implementation of contracted services. The services of independent contractors are considered temporary; individual contractors must meet specific criteria.

District Level Policies and Procedures Governing Contractual Arrangements

District contracts with external entities follow an established set of Board policies and administrative procedures aimed at ensuring consistency with the Mission and Goals of the College and District. Internal controls have been put in place to ensure compliance with the Board policies and administrative procedures, dictating which contracts need Board approval and which can be approved by senior administrators.

[Board Policy 6340 \(Contracts\)](#) requires that all contracts in excess of \$25,000 with a single organization, individual, or vendor per fiscal year be approved by the Board of Trustees. Additionally, contracts that are non-public projects as defined under Public Contract Code

22002 and are funded by Construction/Capital Outlay Bond funds in excess of \$83,400 with a single organization, individual, or vendor per fiscal year require prior approval of the Board of Trustees. [Administrative Procedure 6340 \(Contracts\)](#) further defines contract types and District business processes pertaining to taking of bids and issuance of contracts.

[Administrative Procedure 6350 \(Construction\)](#) details the provisions of “change orders,” the written supplemental agreements to awarded construction contracts. All change orders must be Board approved or ratified prior to the performance of the work included in the change order. [Administrative Procedure 6330 \(Purchasing\)](#) outlines the specifications and procedures for procurement through the use of purchase orders. This includes selection of vendors, price quotations, bid requirements, and other purchase protocols.

Processing contracts for approval is a multi-tiered process requiring various approvals and signatures along the way. Contracts that are large in complexity, scope, or monetary value may use expanded templates, if necessary. These documents include cover sheets where the initiator details the description, purpose, justification, and funding source related to the contract request. Contracts are first reviewed by the department manager, who in turn forwards the documents to the Purchasing Office and the District Office of Finance and Administrative Services for additional review and vetting. Contracts deemed to meet the College’s Mission, Vision, and Values and Goals are then presented to the Chancellor and subsequently to the Board of Trustees for approval (as Board policy dictates). All contracts contain standardized language that protect the College and the District and allow for change orders or termination if the required standards of quality are not met.

Self Evaluation

The College meets this Standard. Board policies and administrative procedures clearly define all contracting requirements and articulate the processes to be followed. There are sufficient controls in place to assure that contracts and agreements are consistent with the College’s Mission, Vision, and Values statements and goals of the institution and to ensure the integrity of the process.

Actionable Improvement Plan

None.

III. D.3.h. The institution regularly evaluates its financial management practices and the results of the evaluation are used to improve internal control structures.

Descriptive Summary

At both BCC and the District Office, regular assessment of fiscal management processes takes place throughout the year, both internally and externally. The College and District share responsibility for this function.

College Level Evaluation of Financial Management Practices

BCC regularly evaluates its financial management and uses the results of the evaluation to improve its processes and practices on campus. To improve and update internal control structures, BCC applies a multifaceted financial management evaluation through several components, described below.

College Annual Goals and Measures for Accomplishment

Throughout the most recent six-year period, “Financial Stability” has been one of the five major goals at both the District and the College levels. BCC aligns “Financial Stability” with “Staying within the Budget” as a financial management goal for the College. Through its annual goal development, strategy implementation, and accomplishment review process, BCC consistently assesses the effectiveness of its past fiscal planning as part of the planning for current and future fiscal needs. To ensure that current and future fiscal needs are met, the College consults through its shared governance committees, and has made increased efforts to determine and utilize the best method for allocating College resources to enhance student performance.

Integrated Financial Management and Governance Structure

BCC ties its financial management evaluation with the evaluation of its governance structure. For example, prior to 2012-13, both the Leadership Council and the Roundtable for Planning and Budgeting served as the financial management approval and evaluation entities for collegewide resource planning and management. To improve the quality of programs and support services and to streamline the governance structure, in 2013-14, the College eliminated the Leadership Council and named the Roundtable as the ultimate governance committee, responsible for evaluating collegewide planning and budget management and making recommendations to the BCC President for improvement. Meanwhile, starting in 2013-14, BCC’s Education Committee began to assume an enhanced role in reviewing, aligning, evaluating, and improving major education-related financial development and management and integrating financial planning with program and budget plans at both the program and the College level.

Internal Audit

BCC’s Director of Business and Administrative Services provides a monthly budget and expenditures report to the College administration for review and evaluation of budget allocations and expenditure management. During the review, the administrative team evaluates the expenditure status at all levels to ensure that there are adequate financial resources meeting student needs and supporting the College’s Mission, Vision, and Values. The College utilizes the results of this regular evaluation to improve and update internal control structures. In addition, several major programs and functions conduct internal audit regularly (e.g., the BCC Financial Aid Office, EOPS/CARE, CalWORKs, and DSPS).

Year-Round Financial Management Evaluation with Regular Timelines

BCC's annual financial development and management process begins in the fall term of the previous year. At the program or function levels, resources needs are identified through program reviews or APUs, while requests for financial needs are made to the College and District at the beginning of the following spring that fits into the districtwide resource development cycle and timelines. By the beginning of each fiscal year, the District first allocates salaries and benefits for all regular contract employees for BCC, while the College submits requests for its discretionary budget based upon prioritized program review/APU requests. BCC then reviews the effectiveness of its past fiscal planning as part of planning for current and future fiscal needs regularly (at least monthly) in order to update and improve internal control structures.

Institutional Measurable Indicators for Improvement

BCC utilizes several measurable indicators as criteria for financial management evaluation. These indicators include student enrollment (FTES, headcounts of new and continuing students, etc.), college preparation (placement assessment results, etc.), student demands for courses and programs (waiting list, enrollments at the course and program level prior to the beginning of each term, etc.), institution-set standards for student achievement (course success, degree/certificate awards, numbers of transfers), and other student. Based upon these indicators, BCC develops, updates, and improves its financial plans.

External Audit

BCC undergoes an annual audit by an external auditor, as part of the District's annual auditing process. The College responds to all audit findings in a timely and comprehensive fashion and uses these findings to strengthen and improve its institutional financial practices.

District Level Evaluation of Financial Management Practices

At the District, all departments go through an internal program planning process which includes self-assessment and identification of areas for improvement. The District performs comprehensive program reviews of the accounting, general services and payroll functions every three years and uses the results for improvement.

The districtwide Planning and Budgeting Council (PBC), a participatory governance committee, reviews the budgeting process and financial information and regularly evaluates financial management processes and results to improve internal control structures. The representatives on the PBC include all constituencies, including all four college presidents, the Vice Chancellor of Finance, the Vice Chancellor of Educational Services, and the District Budget Director as well as faculty, classified employees and students. Meeting monthly, the PBC shares information about the state and District budget and reviews and discusses budget assumptions and the tentative and mid-year budget reports. The PBC also evaluates the effectiveness of the PCCD Budget Allocation Model and makes recommendations to improve it. [Minutes](#) from these meetings can be found online.

PeopleSoft financial reports are available publicly online for all divisions and units to review and track all expenditures. Divisions and units can request additional financial reports from the Vice Chancellor of Finance and Administrative Services. Divisions and units can also request in-person meetings with the District Business Services employees for more in-depth knowledge or guidance about financial analysis of their budgets or completion of any required end-of-year reports.

Externally, independent auditors annually examine the finances of the District and its four colleges, along with bond-related activities. The audits include all funding sources, including auxiliary, capital outlay bonds, and parcel tax funds. Audit recommendations are quickly implemented. During the preliminary audits conducted by external auditors, internal control processes are evaluated. They identify areas and make recommendations on where improvements can be made in the financial processes. Audit findings, when identified, are addressed through the implementation of corrective actions in a timely fashion. Annual audit reports are reported and reviewed at regularly scheduled meetings of the Board of Trustees, participatory governance meetings, and staff and management meetings. The results of these audits provide the catalyst for improvement.

Self Evaluation

The College meets this Standard. The Planning and Budgeting Council and independent external auditors regularly evaluate financial management processes. The College and the District have solid financial management with appropriate processes in place to ensure stability and effective management controls.

Actionable Improvement Plan

None.

III. D.4.

Financial resource planning is integrated with institutional planning. The institution systematically assesses the effective use of financial resources and uses the results of the evaluation as the basis for improvement of the institution.

Descriptive Summary

Both Berkeley City College and the Peralta Community College District integrate financial resource planning with institutional planning and systematically assess their use of financial resources as part of an ongoing process of continual self-improvement. BCC has primary responsibility for integrating resource planning with institutional planning at the College level and assessing the effectiveness of the College's use of financial resources to improve student learning and institutional effectiveness.

College Level Integration of Financial Resource Planning and Institutional Planning

At BCC, financial resource planning is integrated with institutional planning. As part of the College's program review/APU process, the availability of financial resources is evaluated annually at the operational levels. Through these processes, all divisions, departments, offices, and units have an opportunity to request additional resources based on needs (e.g., instructional, staffing, equipment, technology, facilities improvement, etc.) identified through data analysis.

BCC's shared governance committees prioritize requests through the College's resource allocation process. This collegial, collaborative process for planning and allocating facilities for programs and services helps align institutional priorities and goals.

The College regularly and systematically (at least monthly) assesses the effective use of financial resources by evaluating actual revenue and expenditures and comparing them to the fiscal year budget. Evaluation mechanisms include on-going dialogue during College committee meetings; monthly review of budget and expenditure status; and annual reports submitted to various funding agencies at regional, state, and federal levels. More in-depth assessment occurs at the department, office, and division level. Systematic planning and assessment for the effective use of financial resources is an integral component of the College's annual activities.

The College annually assesses the feasibility and effectiveness of its resources in supporting institutional programs and services by evaluating all plans, as well as program and enrollment data, and institution-set standards. The College's resource planning is integrated with institutional planning practices, processes, and policies. Furthermore, BCC has worked diligently to ensure that all plans are closely aligned through the Education Master Plan – the College's overarching plan.

The College assesses its integrated financial and institutional planning, then uses the results of the evaluations as the basis for improvement of the institution. Table 61 provides a sample matrix for comparing new revenue sources, based on funding mandate, focus, reporting requirements, funding restrictions or guidelines, and award amount.

Table 61

BCC Funding Sources and Integrated Planning

	Mandate	Focus	Reporting	Basis of Funding	Amount
Student Success and Services Program (SSSP)	SB1456 (2012), Student Success Task Force Rec., & Title V	Intake and some follow-up with students who are undeclared or on probation	Annual	<ul style="list-style-type: none"> • New student headcount • Core services provided 	\$858,476 to the College
Student Equity	SB860 (2014) & Title V	Gap in access and student achievement with course completion, ESL/Basic Skills, Certificate/Degree/Transfer	Annual	<ul style="list-style-type: none"> • Annual FTES • High need students • Educational attainment in area • Participation rate • Poverty rate • Unemployment rate 	\$1,372,828 to the District
Basic Skills Initiative (BSI)	AB194 (2007)	Increase student achievement of basic skills	Annual	<ul style="list-style-type: none"> • FTES in basic skills (non-degree applicable) and under 25 	\$90,000 to the College
Peralta Accountability for Student Success (PASS)	Measure B	Close the achievement gap	Annual	<ul style="list-style-type: none"> • Budget Allocation Model 	\$586,400 to the College

District Level Integration of Financial Resource Planning and Institutional Planning

Financial resource planning is integrated with institutional planning throughout the Peralta Community College District. Central to the budget development process are the results from comprehensive program reviews and annual program updates in instruction, student services, and administrative units. These planning processes incorporate assessment of student learning outcomes and achievement data, dialogue, and analysis to develop plans for improvement.

Every review and/or update includes an analysis of data trends, requests for increasing available resources, and wide discussion on how to increase or decrease resource use and the implications of those decisions. College level resource planning is integrated with the District’s institutional planning through participatory governance processes that channel college requests through the District’s Planning and Budgeting Integration Model (PBIM).

The PBIM is an integrated districtwide planning and budget advisory system of four committees that receive planning inputs from the colleges. The District Technology, Facilities, and Education Committees make recommendations to the Planning and Budgeting Council, which in turn recommends to the Chancellor.

The District Associate Vice Chancellor of Information Technology co-chairs the District Technology Committee, the District Vice Chancellor of General Services co-chairs the District Facilities Committee, the Vice Chancellor of Education Services co-chairs the District Education Committee, and the Vice Chancellor of Finance and Administrative Services co-chairs the Planning and Budgeting Council. These co-chairs serve as a liaison between the District level planning committees and the College level planning committees to assure effective coordination and delivery of centralized services.

These committees also provide a forum for administrators, faculty, staff, and students from the District and all four colleges to discuss, review, prioritize and recommend resource priorities. For example, each college's prioritized classified staff and faculty hiring requests are sent to the District Education Committee each spring for review and discussion. Subsequently these requests are sent to the [Planning and Budgeting Council](#), which further examines the priorities before final recommendations are forwarded to the Chancellor for approval and implementation.

Budgetary efficiency benchmarks from the District perspective include indicators such as ratio of actual expenditures to total budget, productivity, and load efficiency. Over the course of the year, division deans and program coordinators, as well as District Office staff, run financial reports to ensure that they are on track. Similarly, the Chancellor's Cabinet regularly reviews reports concerning the District's unrestricted general fund, grants and other restricted funds to ensure that resources are adequately provided. Corrections to the budget are made as needs are identified throughout the year and as additional resources are received.

Self Evaluation

The College meets this Standard. Through the integrated planning and budgeting process, the College's Mission and annual goals and objectives serve as guidelines for consideration of the allocation of resources. The institution has implemented an ongoing, systematic process that integrates planning, budgeting, and resource allocation and includes assessment of the effective use of financial resources and the utilization of the results of the evaluation as the bases for improvement.

Actionable Improvement Plan

None.